

NOMINATION OF THOMAS A. DASCHLE

HEARING OF THE COMMITTEE ON HEALTH, EDUCATION, LABOR, AND PENSIONS UNITED STATES SENATE ONE HUNDRED ELEVENTH CONGRESS

FIRST SESSION

ON

NOMINATION OF THOMAS A. DASCHLE, SOUTH DAKOTA, TO BE
SECRETARY, U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

JANUARY 8, 2009

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NOMINATION OF THOMAS A. DASCHLE

THURSDAY, JANUARY 8, 2009

U.S. SENATE,
COMMITTEE ON HEALTH, EDUCATION, LABOR, AND PENSIONS,
Washington, DC.

The committee met, pursuant to notice, at 10:02 a.m. in Room SD-430, Dirksen Senate Office Building, Hon. Edward M. Kennedy, chairman of the committee, presiding.

Present: Senators Kennedy, Dodd, Harkin, Mikulski, Murray, Reed, Sanders, Enzi, Burr, Murkowski, Hatch, and Coburn.

Also Present: Senator Johnson.

OPENING STATEMENT OF SENATOR KENNEDY

The CHAIRMAN. We will come to order. We have an enormously interesting hearing today, and one that is important, I think, to all of us who care about health and human services. We have a wonderful turnout of the members of the committee, and we have an extraordinary panel here that has had an incredible life and commitment to health and human services, and we are just delighted that they are here.

We will look forward to their statement or testimony, and then we will proceed with our Senators right after that. We will recognize Senator Dole first.

Senator DOLE. We were going to have Senator Johnson go first, if that is OK?

The CHAIRMAN. Fine. They are starting with their strong man. Here we go.

Senator Johnson.

Senator JOHNSON. Thank you, Senator Dole.

The CHAIRMAN. It is always good to hear from you, and we are very, very appreciative of your presence here and your excellent work in the Senate. Thank you.

STATEMENT OF SENATOR JOHNSON

Senator JOHNSON. I am still uncertain.

Chairman Kennedy, Senator Enzi, and members of the committee, I am so pleased to introduce my good friend and former colleague Tom Daschle as the HELP Committee considers his nomination for Secretary of Health and Human Services.

I have watched and admired Tom's career in public service for many years. I remember his first campaign for Congress in 1978, the same year as my first run for the South Dakota legislature. Through the last 30 years, Tom has become one of my closest

friends, and I marvel at his deep dedication to service, relentless work ethic, and unending commitment to serving the people of our home State and our Nation.

Now, Tom has been called upon to return to public service as Secretary of Health and Human Services. I know our country will be a better place because Tom chose to answer that call.

His passion for ensuring that all Americans have access to quality healthcare is second to none. With Tom's unique understanding of the many problems plaguing healthcare in America and his commitment to solving them with fresh ideas, we have our best chance to actually improve healthcare for all Americans.

I urge the members of this committee and my Senate colleagues to confirm Tom Daschle's nomination so that we can all get to work reforming healthcare in America.

Thank you.

The CHAIRMAN. Thank you very much. I really appreciate you taking the time to be with us, Senator.

Now we will hear from Senator Dole.

**STATEMENT OF ROBERT J. DOLE, FORMER U.S. SENATOR
FROM THE STATE OF KANSAS**

Senator DOLE. Thank you, Mr. Chairman.

It is obviously a privilege to be here with my friend Tom Daschle and with Tim. Tim has made his statement, and mine is very short, but we want to underscore not only Tom's qualifications, but the importance of the job he is going to assume when he is confirmed. This is, as I understand, the first hearing that has been held on any of President-elect Obama's nominees.

Let me first say to Senator Johnson that it is good to be with you. I speak personally of how everyone is tremendously proud of your meeting a difficult challenge and making a recovery that inspired and gave hope to everyone, particularly those in the disabled communities.

It is an honor to be with you and also with the Chairman, Senator Kennedy.

I am here today, as I said, as a friend and a former colleague. I served with Tom for 10 years, including 2 years when we both served as our party's leader before I left voluntarily in 1996.

I have had a decade of working with Tom in and out of the Senate on a number of issues, such as agriculture and energy and healthcare and trade and many more. I can testify not only to his expertise on issues, but most importantly—to the American people and the people he will be dealing with and his colleagues and former colleagues in the Senate and the House—is Tom's integrity and fairness, which I think gives everybody confidence, even though you may not agree on a particular issue.

We are now in the same law firm, Alston & Bird, where he works and I just show up.

[Laughter.]

In addition to advising clients and hosting events and telling people what we think we know about the political process, we have traveled around the country together discussing issues of the day.

We both pretty much know each other's lines. We are not a threat to Leno or Letterman or anybody. Tom should tell you his

one story about the model senator. I think it is very good, and I know they would appreciate it.

But, along with our former colleagues at the present time, Senator Baker and Senator Mitchell and myself and Senator Daschle, we have worked for 2 years in the Bipartisan Policy Center, and the goal is to address a few of the major important challenges and, where possible, reach meaningful consensus along with recommendations that we think might be received by members of the Congress in both parties.

For the past 9 months working with the bipartisan policy panel, Senator Daschle and I, with Senator Baker and Mitchell, have been working on healthcare reform. Senator Baker and Mitchell and myself will have to finish the job because Tom will be in another position, but we hope we can adopt some recommendations that will resonate with many in the Congress and with those who have a direct interest, as well as the American people.

We all know from past experience it is a very difficult issue, and we probably won't find agreement on everything. We certainly appreciated Tom's hard work, his views. He has written a book on healthcare, and he has been a tireless worker in this area for as long as I can remember.

He also recently worked on another bipartisan effort with another former Senate majority leader, Senator Bill Frist, on the One Vote '08 campaign addressing health and poverty in developing countries.

As most of you know, Senator Daschle has spent a good part of his career focused on healthcare. He has demonstrated his interest in leading on healthcare throughout his career in both the House and the Senate. As I have said, he has written a book entitled "Critical" on reforming the system.

What is important is that the President-elect has selected an individual who begins the important task of reforming healthcare with, first, the ability to hit the ground running—because Tom knows this forwards and backwards, and he really understands almost as well as staff experts most of the issues when it comes to healthcare—and, second, I think the fact that he understands Congress.

If anybody understands Congress, it is Tom Daschle, serving 8 years in the House and having been in the Senate and being the only Senator to ever serve twice as both majority and minority leader in the Senate. He enjoyed being majority leader more.

Senator Daschle and I both believe politics is an honorable profession. He is a role model to many because he knows how he got here. He knows who he is, and he has not forgotten his legion of friends in South Dakota who sent him here.

I had a call from George McGovern, a fellow South Dakotan, just 2 days ago, telling him—talked about being here to introduce Senator Daschle and what a privilege it was, and he wanted me to express his best wishes and thoughts. I know you are long-time friends, and Senator McGovern has done a great job in the area of coping with domestic and international hunger.

I was around here for quite a while, and I have a sense that the time has come for real constructive bipartisan action on healthcare. The American people and Congress are ready to address this par-

ticular issue about the uninsured and accessibility, affordability, the spiraling costs.

If you feel, as we do, we have a nominee who understands bipartisanship is best in the long range, even though with the big Democratic majority, he may not need Republicans. I think it goes beyond numbers.

I just again thank the committee for letting me appear on behalf of my good friend, and I wish you all a happy new year and look forward to what others may have to say.

Thank you.

[The prepared statement of Senator Dole follows:]

PREPARED STATEMENT OF HON. BOB DOLE, FORMER SENATOR FROM
THE STATE OF KANSAS

Thank you, Mr. Chairman.

It is a privilege to be here this morning, along with Senator Daschle's former colleague from South Dakota, Senator Tim Johnson, both to introduce Senator Daschle and to emphasize the importance of the position he will assume when confirmed.

Senator Johnson, let me say it is good to be with you and I speak personally of how everyone is tremendously proud of you for meeting a difficult challenge and making a recovery that inspired and gave hope to everyone, particularly the disabled.

I'm here today as his friend and former colleague. I served with Tom for 10 years, including 2 years when we both served as our party's Leader before I left voluntarily in 1996. So I have years of experience knowing and working with Tom both in and out of the Senate on a number of issues, such as agriculture, energy, health care, trade and many more. I can testify not only to his expertise on issues, but most importantly to his integrity and fairness, which gave his Senate colleagues confidence regardless of differences.

Senator Daschle and I are now together in the same law firm, Alston & Bird, where he works and I just show up. In addition to advising clients, hosting events, and telling people what we think we know about the political process, we have traveled around the country together discussing the issues of the day. We both know each other's best lines.

Senator Daschle and I, along with our two former colleagues, Senator Howard Baker and Senator George Mitchell, both former Majority Leaders of the Senate, have for 2 years worked together with the Bipartisan Policy Center. The goal is to address a few of the major important policy challenges and, where possible, reach meaningful consensus along with actionable recommendations.

For the past 9 months, working with the BPC, Senator Daschle and I, with Senator Baker and Mitchell, have been working on health care reform. Senators Baker, Mitchell and I will complete recommendations without further input from Senator Daschle because of his nomination, but we are well aware of his views and his tireless work in this area.

Senator Daschle recently worked on another bipartisan effort with another former Senate Majority Leader—Senator Bill Frist—on the ONE Vote '08 campaign addressing health and poverty in developing countries.

As most of you know, Senator Daschle has spent a good part of his career focused on health care. He has demonstrated his interest in leading on health throughout his career in the House and Senate. He has written a book, "Critical," on reforming the system.

What is important is that the President-elect has selected an individual who begins the important task of reforming health care with (1) the ability to hit the ground running and (2) the understanding of the concerns of the members of this committee and this body, being the only Senator ever to serve twice as both majority and minority leader. His 8 years in the House, will also be a big plus in dealing with Congress.

Senator Daschle and I both believe politics is an honorable profession. He is a role model to many because he knows how he got here, who he is, and he has not forgotten his legion of friends in South Dakota who sent him here.

Having been around the process a long time, I have the sense that the time has come for real constructive, bipartisan action on health care. The American people and Congress are ready to address the uninsured and the spiraling costs associated with care. If you feel as we do, we have a nominee who understands bipartisanship

is best in the long run, even though with the big Democratic majority he may not need Republicans.

I wish you all a good New Year and look forward to watching Tom's progress.
Thank you.

The CHAIRMAN. Thank you very much, Senator Dole, for your words. We would welcome your staying, remaining for the committee's hearings. We understand you have other responsibilities as well. Thank you very, very much for being here.

The way we are going to proceed is, I will make a brief opening statement. Senator Enzi will make a statement. Then we will hear from Senator Daschle, who will speak. Then we will go through the members of the committee.

We have a very broad membership here today. What we will do is start off with at least 5 minutes as opening statements, and then we will continue to move along as other members come here.

It is an honor to welcome our members to our first hearing of the new Congress. I particularly welcome our very special witness today, a valued friend and a former colleague.

Tom Daschle is a leader of great integrity and strong dedication. He has served this Nation with distinction both in uniform and in the Senate. He has admirers all across the country and on both sides of the aisle.

I commend President-elect Obama for selecting such an extraordinary nominee to lead the Nation's healthcare agenda. Tom Daschle understands the urgency and the challenge of health reform.

He knows that Americans feel the heavy weight of rising costs. He knows that families are afraid that they will lose their health insurance. He knows that 46 million Americans do not have health insurance at all. Reform is urgently needed, and Tom Daschle is just the person for the job.

In considering healthcare reform, the fundamental question before us was once expressed in words far more eloquent than my own. Will we honor the unique American ideal that we are responsible for passing this country on to a generation in the future? Is that better? Or will we forfeit the promise of the future for the reward of the moment?

Those are not my words. They are the words of an extraordinary Senate leader as he said farewell to the Senate 4 years ago. We must answer that question by taking action now to provide affordable and quality healthcare for all Americans.

Senator Daschle, welcome to our committee, and I look forward to your early confirmation as the Secretary of Health and Human Services. Thank you for being here.

Senator Enzi.

OPENING STATEMENT OF SENATOR ENZI

Senator ENZI. Mr. Chairman, I want to welcome you back to the committee and congratulate you on being the first to hold a hearing on President-elect Obama's nominees. That is typical Senator Kennedy fashion to get right into it right away, be first.

I also want to thank you for, during the time while you were gone, the way that you distributed the workload among the members of the committee so that we could continue on the important

things that we have gotten done. I particularly want to thank and congratulate Senator Mikulski for her tremendous work on the Higher Education Act.

The CHAIRMAN. Yes.

Senator ENZI. She was a great catalyst and a real staunch promoter of getting that done, and as a result, we did. And that was due to your leadership.

I know that the members of this committee take the advice and consent clause of the Constitution seriously, and I was pleased to learn that the HELP Committee had an aggressive hearing schedule on the important Cabinet-level positions that will come through this committee.

I would also like to congratulate Senator Daschle on his appointment and welcome this former colleague and member of this institution. When former Senators come before this institution for confirmation, it is similar, I hope, to returning home to family in a way.

I understand that the Senate Finance Committee, on which Senator Daschle served while he was a member of this body, has the primary jurisdiction over this nomination to head the Department of Health and Human Services. But because of the overlap in our work—and in fact, we do probably more in that area I think than the Finance Committee does, the number of Federal programs which the HELP Committee authorizes that are administered by Health and Human Services—the HELP Committee has established this tradition of holding a hearing on this Cabinet-level position, and I appreciate you participating in it.

I would mention that since 2001, the HELP Committee held hearings on both the nominations of former Secretaries Tommy Thompson and on Mike Leavitt in January 2001 and 2005, respectively. Both of these nominees were confirmed within 2 weeks of their hearing before this committee. The HELP Committee, particularly Senator Kennedy and I have established a track record of working quickly on this front.

Senator Kennedy and I also have a track record of finding solutions for problems Americans face on the domestic policy front. We try to work together when possible to write legislation that focuses on what we can agree on, not what divides us.

That is what we refer to as the 80 percent rule—80 percent of the issues the Senate generally agrees on while the remaining 20 percent are divisive and the subject of disputes on the Senate floor. The same works with any bill. Usually there is 80 percent we can agree on and another 20 percent that we could discuss forever. We prefer to get the 80 percent done.

As we begin this nomination hearing today, I want to express my hope that Senator Daschle and I will have a strong working relationship, as will our staff and as will other members of the committee. There are going to be areas in which we disagree. But my hope and expectation is that by focusing on solutions, we can produce meaningful results for hard-working Americans that meet the 80 percent rule and do it through the committee process.

Our healthcare system is broken and fixing it is one area where I hope this 80 percent rule comes into play so common sense re-

forms can be made. The American people deserve solutions, not just debate.

I have read Senator Daschle's healthcare book and appreciate both the history and the direction. In fact, I have directed my staff to read the book as well. Many of them have. I know that we have a shared commitment to reducing the number of uninsured Americans, containing costs, improving quality, and making healthcare more accessible to everyone.

We got to speak earlier in the month and then considerably longer a few days ago, and we have gotten to talk about both his book and my "Ten Steps to Transform Healthcare," which is on my Web site, which is a collection of ideas that I have gathered across the aisle from people.

While we don't always agree and won't always agree, we have both put concrete healthcare proposals on the table for discussion, previously. Now my hope and expectation is that in this Congress, we will focus on legislating solutions that will make a difference in people's lives while, most importantly, abiding by the golden rule to do no harm.

To that end, I have a series of questions, which will begin with the question and answer portion of the hearing and then a host of follow-up questions for the record. In the spirit of helping to accelerate your nomination, I would appreciate your quick response and know that you will do that.¹

In closing, I would like to again welcome Chairman Kennedy back to the committee and the Senate and thank you for calling this hearing today.

[The prepared statement of Senator Enzi follows:]

PREPARED STATEMENT OF SENATOR ENZI

Mr. Chairman, I would like to begin by thanking you for holding this hearing today, and welcoming you back to the Senate following your absence. Confirming the President's nominees is one of the most important Constitutional duties of the Senate. I know that the members of this committee take the "advise and consent" clause of the Constitution seriously—and I was pleased to learn that the HELP Committee has an aggressive hearing schedule on important cabinet level positions that will come through this committee.

I would also like to thank Senator Daschle for joining us today, and welcome him as a former colleague and member of this institution. When former Senators come before this institution for confirmation, it's similar to returning home to see your family, in a way. I understand that the Senate Finance Committee, on which Senator Daschle served while he was a member of this body, has primary jurisdiction over his nomination to head the Department of Health and Human Services (HHS). But because of the overlap in our work, and the number of Federal programs which the HELP Committee authorizes that are administered by HHS, the HELP Committee has established a tradition of holding a hearing on this cabinet level position.

¹Mr. Daschle withdrew from the nomination before responding to committee questions.

In fact, since 2001, the HELP Committee held hearings on both the nominations of former Secretaries Tommy Thompson and Mike Leavitt in January 2001 and 2005, respectively. Both of these nominees were confirmed within 2 weeks of their hearing before this committee. So the HELP Committee, particularly Senator Kennedy and I, have an established track record of working quickly on this front.

Senator Kennedy and I also have a track record of finding solutions for problems Americans face on the domestic policy front. We try to work together, when possible, to write legislation that focuses on what we can agree on—not what divides us. That's what I refer to as the 80–20 rule, 80 percent of the issues the Senate generally agrees on while the remaining 20 percent are divisive and the subject of disputes on the Senate floor.

So as we begin this nomination hearing today, I want to express my hope that Senator Daschle and I will have a strong working relationship, as will our staff. There are going to be areas where we disagree—but my hope and expectation is that by focusing on solutions, we can produce meaningful results for hard working Americans that meet the test of the 80–20 rule.

Our health care system is broken, and fixing it is one area where I hope the 80–20 rule comes into play so common sense reforms can be made. The American people deserve solutions. I have read Senator Daschle's health care reform book, and in fact have directed many of my staff to do the same. I know that we have a shared commitment to reducing the number of uninsured Americans, containing costs, improving quality and making health care more accessible to everyone. When we spoke earlier this month following his nomination, we also discussed the plan I introduced last year, "Ten Steps to Transform Health Care in America."

So, while we don't always agree, we have both put concrete health care reform proposals on the table for discussion in previous years. My hope and expectation is that in this Congress, we will focus on legislating solutions that will make a difference in people's lives—while most importantly abiding by the golden rule of "do no harm."

To that end, I will have a series of questions for you when we begin the Q and A portion of the hearing, and will have a host of follow up questions for the record. And in the spirit of helping to accelerate your nomination, I would appreciate your quick response in writing to the follow up questions I will pose.

In closing, I would like to again welcome Chairman Kennedy back to the committee and to the Senate, and thank him for calling this hearing today.

The CHAIRMAN. Thank you, Senator Enzi. As always, you are very gracious in extending your warm welcome, and I thank you for the continued opportunity to work with you on so many of these issues that are important to our whole Constitution.

It is my desire to introduce each of the members of the Daschle family. There are almost as many of them as there are Kennedys. If they would be good enough to introduce themselves, we would very much appreciate it.

Will you go the youngest to the oldest or the oldest to the youngest? I can tell you in my family how it would score. In any event, why don't we start off over here, if we would.

Ms. KELLY DASCHLE. Kelly Daschle. I am his eldest daughter.

The CHAIRMAN. Make sure you speak up so we can hear. That is good.

Ms. KELLY DASCHLE. Kelly Daschle. I am his eldest daughter.

The CHAIRMAN. Fine.

Mr. CHADER. Eric Chader. I am Kelly's husband and son-in-law.

Ms. LINDSAY DASCHLE. Lindsay Daschle. I am the youngest daughter.

Mr. ROSS. Tommy Ross. I am married to Lindsay.

Ms. LINDA DASCHLE. Linda Daschle. I am the oldest.

[Laughter.]

Ms. JILL DASCHLE. Jill Daschle. I am Tom's daughter-in-law.

Mr. NATHAN DASCHLE. Nathan Daschle.

The CHAIRMAN. Let us see, that is about it. Well, we want to thank all of you. We want to particularly thank Linda. It is good to see you. She is a great friend of so many on this committee. Jill Daschle has been a long-time friend of many of us on this committee.

Now if we might proceed, we will hear from Senator Daschle.

**STATEMENT OF THOMAS A. DASCHLE, FORMER MAJORITY
LEADER OF THE U.S. SENATE, ABERDEEN, SD**

Senator DASCHLE. Mr. Chairman, thank you very much for your courtesy and for giving me the opportunity to be with you today. I must say how wonderful it is to see you in that chair again.

The CHAIRMAN. Thank you very much.

Senator DASCHLE. I thank you and I thank Senator Enzi for the opportunity to talk about an issue that we care so deeply about. Before I get into my statement, let me just thank my family especially for being here, and for all of the support and affection and encouragement that they have given me over these past few weeks and months. It has meant everything to me.

It also means a great deal that two very, very close and dear friends could be here to introduce me. Tim and I have known each other for well over 30 years in so many different stages in life. I am honored to call him one of my best friends, and I am grateful for the extraordinary leadership and partnership that he has shown South Dakota these many, many years.

Bob Dole has gone the extra mile to show what it is to be friends with somebody on the other side of the aisle. He has reached out to me from the very beginning when I came to the Senate, when I became leader. When I left the Senate, he was the very first person to come to me to talk about post-Senate life, and he has been my partner, as he said, for 4 years at the law firm. I can't tell you how much I appreciate that friendship.

He mentioned this line that we do. We have kind of adopted—when he is not around, I use his lines, and I don't think he has ever had to use mine. But we talk about I was introduced once as a model politician and a model legislator and a model South Dakotan. Linda showed me the word "model" as it is defined in the dictionary, and there it is defined as a small replica of the real thing.

[Laughter.]

Well, in the best sense of the word, Bob Dole is a model friend and somebody that I have admired and will continue to admire the rest of my life.

I want to thank all of my former colleagues and friends on the committee dais as well.

From keeping our food and medicines safe to tracking infectious diseases, to helping families in need, to researching the cures of tomorrow, to providing care to underserved populations, the Department of Health and Human Services has a significant role to play in keeping America healthy. This department will also be central to tackling one of the greatest challenges of our time, reforming the U.S. healthcare system.

The flaws in our health system are pervasive and corrosive. They threaten our health and economic security, and that is why the President-elect has crafted the new White House Office of Health Reform. I am honored to be chosen to serve in this role as well.

If confirmed, I will use these dual roles to marshal the talent and energy necessary to at last succeed in making healthcare affordable and accessible for all Americans. I am grateful to the President-elect for putting his trust in me, and I look forward to returning to public service at a pivotal moment in American history.

Let me begin by again reiterating my gratitude to our Chair and Ranking Member, but testifying on the subject of healthcare before Ted Kennedy feels a bit like talking about one's trumpet-playing skills in front of Louis Armstrong. And Senator Enzi, while he may not have been here the same number of years as Senator Kennedy, has been an effective voice in sounding the call for change through his leadership on the committee as well.

As I know it is for many of you, healthcare is personal to me. I ran for Congress 30 years ago to help places like rural South Dakota, where people sometimes went without proper healthcare because the nearest doctor's office was too far away.

When I came to the Senate, I had the privilege of serving with many of you and working on significant healthcare legislation, including covering millions of children through the Children's Health Insurance Program, improving the ability of workers to keep their health insurance if they lost or changed a job, and ensuring that advances in genetics didn't lead to health and employment discrimination.

When I left the Senate, I was able to travel around the country talking to businesses and community groups and people I met about what was broken in our healthcare system and co-wrote a book called "Critical" about how I thought we might fix it.

While our investments in research and pioneering work by our scientists lead innovation, too often patients don't actually get our best. In 1994, we had 37 million Americans who were uninsured. Today, that number is 46 million. In 1987, \$1 out of \$15 went toward healthcare for the average family. Today, it is \$1 out of \$6.

President-elect Obama recognizes that many of you have been working for many years on these issues and that any effort at reform will require very close collaboration with Congress. He also realizes that change cannot be dictated from the White House or from Washington out, but must come from the grassroots of this

country and involve as many Americans as possible in the process of reform.

In addition to being collaborative, it also needs to be an open, transparent process where people know their voices are being heard. We have already begun to listen.

During the transition, we reached millions of Americans via our Web site, *Change.gov*, to get their input on how best to change our healthcare system. Tens of thousands of Americans shared their greatest concerns about health reform, and thousands more opened their homes to host healthcare community discussions.

We are currently compiling their reports to share with each of you and the President-elect and everyone else. One thing was crystal clear, America cannot afford more of the same when it comes to healthcare in this country, and on this I hope we can all agree.

It is unacceptable that in a nation of approximately 300 million people, nearly one in six Americans don't have health insurance. As we face a harsh and deep recession, the problem of the uninsured is likely to grow. The number of uninsured only describes part of the problem. Even Americans who do have health insurance don't always get the care they need, especially high-value preventive care.

In some cases, this is due to a shortage of providers, especially primary care providers in rural areas that we must work to address. In other cases, it is simply because our healthcare system is not oriented toward prevention and, therefore, fails to incentivize the screenings and lifestyle changes that can do so much to improve health.

Any healthcare reform plan must make sure that every American has preventive care that prevents disease and disability. Coverage after you get sick should be a second line of defense. Today, it is often the first line.

In addition to being sound medicine, this is sound fiscal policy. Studies have shown that for every dollar spent on prevention we could actually net a return of \$5.60 in healthcare costs, totaling upwards of \$16 billion annually within 5 years.

It is not enough to give every American care. It needs to be high-quality care. By some measures, nearly one third of the care Americans receive is at best inadequate and at worst harmful. Disparities in access and quality produce disparities in outcomes.

On the Pine Ridge Reservation in South Dakota, one half of the people over 40 have diabetes, and the life expectancy today is just 47 years, or what life expectancy was for the rest of the country in 1900. This, too, is unacceptable.

We need to make sure that every American gets high-quality care. If you see fit to support my nomination, I will make sure this goal includes the Indian Health Service.

But, even if every American had good insurance and great care, we would still have an overwhelming problem related to health costs. Over the past 9 years, health insurance premiums rose three times faster than inflation. The fact that healthcare premiums have doubled in the last 8 years leaves some families to make the awful choice between health insurance and rent or heat and food.

These cost increases are as unsustainable for our national budget as they are for our families' budget. By 2025, the Congressional

Budget Office projects that healthcare will account for 25 percent of our GDP. By comparison, the entire Federal budget today is about 20 percent of GDP.

Any healthcare reform plan must achieve the three goals of increasing access and quality while containing costs. But helping to develop a successful plan is only part of what the next Secretary of Health and Human Services must do. I believe the agencies of the Department of Health and Human Services can do a great deal to promote a system of wellness rather than a system of acute care, from the laboratory bench to the bedside.

Take the example of heart disease. Research funded by the NIH led to drugs approved by the FDA, which, together with the prevention promoted by CDC, have helped cut deaths from heart disease in this country by half.

Now we must do the same for other chronic and preventable conditions, and I want to assure the Congress and the American people that as we make determinations about what is safe and what is not, what is effective and what is not, we will be guided by evidence and effectiveness, not by ideology.

Finally, let me say that the department will remain dedicated to performing all of its vital services, ensuring our medical systems are prepared to respond to natural disasters, strengthening our public health system, working to improve the healthy development of our children through Head Start, confronting the challenge of long-term care for the elderly, working with States on child support enforcement, and providing assistance to people with disabilities.

Especially in these difficult economic times, the human services function of Health and Human Services will continue to be a lifeline for many Americans. Let me close where I began, with the need to reform our system.

When healthcare reform collapsed in 1994, I remember all the criticism people had after the fact. They said that it took too long. They said the process was too opaque. They said the plan was too hard to understand, and they said the changes felt too dramatic.

These are good arguments for undertaking reform in a way that is aggressive, open, and responsive to American concerns, but they are not good arguments for ignoring the problem.

One of my favorite quotes is from Nelson Mandela. Referring to an end to apartheid, he once said, "Some things seem impossible until they are done." He could have been talking about healthcare reform because, for generations now, it has seemed an impossible goal.

This time, the cost of failure is simply too high. This time, working together, Democrats and Republicans can show it no longer has to be impossible. This time, it can be done.

Thank you, Mr. Chairman and members of the committee. I would be happy to take your questions.

[The prepared statement of Senator Daschle follows:]

PREPARED STATEMENT OF HON. TOM DASCHLE

Chairman Kennedy, Senator Enzi, members of the committee, thank you for inviting me here today to discuss my nomination to be Secretary of Health and Human Services.

I'm grateful to President-elect Obama for putting his trust in me. I look forward to returning to public service at such a pivotal moment in American history.

The Department of Health and Human Services touches the lives of all Americans in crucial and fundamental ways. It is called upon to protect our citizens as well as offer them assistance in fulfilling essential tasks for their well-being. It is called upon to ensure the safety of food and the effectiveness of drugs a mother gives her child; to help find the cure to the disease afflicting a parent and to educate a community on preventing disease; to help the struggling family afford child care so parents can work; to ensure children are receiving the social and developmental care they need as they enter school and prepare to learn; to help the family struggling with caring for an aging parent; and of course, to help our seniors and most vulnerable families by providing health care, which many would otherwise go without.

This Department also will be central to tackling one of the greatest challenges of our time: reforming the U.S. health care system. The flaws in our health system are pervasive and corrosive. They threaten our health and economic security that is why the President-elect has crafted the new White House Office of Health Reform and I am honored to be chosen to serve in this role as well. If confirmed, I will use these dual roles to marshal the talent and energy necessary to at last succeed in making health care affordable and accessible for all Americans.

In short, the mission of HHS is to assist Americans by performing some of the most fundamental responsibilities of our government. In this time of great economic challenge, that mission is more important than ever.

HEALTH REFORM

As I know it is with many of you, health care is personal to me.

I ran for Congress 30 years ago to help places like rural South Dakota, where people sometimes went without proper health care because the nearest doctor's office was too far away.

When I came to the Senate, I had the privilege of serving with many of you and working together on significant health care legislation—covering millions of children through the Children's Health Insurance Program, improving the ability of workers to keep their health insurance if they lost or changed a job, and ensuring that advances in genetics do not lead to health and employment discrimination.

When I left the Senate, I was able to travel around the country talking to businesses, community groups, and people I met about what was broken in our health care system. I wrote a book called *Critical* about how I thought we could fix it.

Ensuring all Americans have health care is integral to the mission of HHS and the well-being of our families—but to achieve this goal, we will have to work together to tackle tough challenges.

While our investments in research and pioneering work by our scientists lead innovation, too often, patients don't actually get our best.

In 1994, we had 37 million uninsured. Today, we have nearly 46 million. In 1987, \$1 out of \$15 went toward health care for the average family. Today, it's \$1 out of \$6. Even though the United States spends more on health care than any other country, we rank low on life expectancy and infant mortality.

President-elect Obama recognizes that many of you have been working for many years on these issues, and that any effort at reform will require close collaboration with Congress.

He also realizes that change cannot be dictated from the White House and Washington out—but must come from the grassroots of this country and involve as many Americans as possible in the process of reform. In addition, to being a collaborative process, it also needs to be an open, transparent process where people know their voices are being heard.

We have already begun to listen. During the Transition, we reached millions of Americans via our Web site, *Change.gov*, to get their input on how best to change our health care system. Tens of thousands of Americans shared their greatest concerns about health reform, and thousands more opened up their homes to host Health Care Community Discussions.

We are currently compiling their reports to share, but one thing was crystal clear: America cannot afford more of the same when it comes to health care in this country. On this, I think we all can agree.

It is unacceptable that in a nation of approximately 300 million people, nearly one in six Americans don't have health insurance. As we face a harsh and deep recession, the problem of the uninsured is likely to grow.

The number of uninsured only describes part of the problem. Even Americans who do have health insurance don't always get the care they need, especially high-value preventative care. In some cases, this is due to a shortage of providers—especially primary care providers in rural areas that we must work to address.

In other cases, it is simply because our health care system is not oriented toward prevention, and therefore, fails to incentivize the screenings and lifestyle changes that can do so much to improve health. Any health care reform plan must make sure every American has preventative care that prevents disease and disability. Coverage after you get sick should be a second line of defense. Today, it's often the first line of defense.

In addition to being sound medicine, this is sound fiscal policy. Studies have shown that for every \$1 spent on prevention we could net a return of \$5.60 in health care costs—totaling upwards of \$16 billion annually within 5 years.

But it's not enough to give every American care. It needs to be high-quality care. By some measures, nearly one third of the care Americans receive is at best inadequate, and at worst harmful. While we have pockets of excellent care, too often recommended care is not provided.

This quality gap contributes to racial and ethnic disparities in outcomes. On the Pine Ridge reservation in South Dakota, half the people over 40 have diabetes, and the life expectancy is just 47 years, or what life expectancy was for the rest of the country . . . in 1900. This, too, is unacceptable.

We need to make sure every American gets high-quality care. If you see fit to support my nomination to be Secretary of Health and Human Services, I'll make sure this goal includes the Indian Health Service. I will also make sure the health disparities affecting all other minority and underserved populations are acknowledged and addressed.

Even if every American had good insurance and great care, we have an overwhelming problem related to health costs. Over the past 9 years, health insurance premiums rose three times faster than inflation.

The fact that health care premiums have doubled since 2000 leaves some families to make the awful choice between health insurance and rent, or heat, or food. These cost increases are as unsustainable for our national budget as they are for families' budgets. By 2025, the Congressional Budget Office projects that health care will account for 25 percent of our GDP. By comparison, the entire Federal budget today is about 20 percent of GDP.

Any health care reform plan must achieve the three goals of increasing access and quality, while containing cost. Helping to develop a successful plan is only a piece of what the next Secretary of Health and Human Services must do. Here, I highlight a few of the agencies and their challenges and opportunities.

CENTERS FOR MEDICARE AND MEDICAID SERVICES

Medicare, Medicaid, and the State Children's Health Insurance Programs are pillars of health care coverage in our country. As the organization under which they each operate, the Center for Medicare and Medicaid Services will have a vital role to play in promoting health care reform and its goals of affordability, accessibility, and quality. CMS should ensure that all those eligible for Medicare, Medicaid, and SCHIP are enrolled and have access to high-quality, cost-efficient health care. It should improve its protections for Americans with the highest costs and lowest incomes. HHS has a historic role in serving underserved communities as well. As we embark on the mission of expanding coverage to all Americans, we must maintain that commitment.

CMS can also drive higher quality and greater efficiency in the delivery system, enhancing value for beneficiaries and taxpayers and becoming a catalyst for health reform. CMS can be a gateway to reforming the way providers are paid to better align incentives with the provision of high-quality care and make it more affordable. For example, CMS can support disease management, "medical homes," and other approaches to improve care and reduce costs for patients with chronic conditions. In addition, by using its demonstration authority, CMS can identify the cutting-edge practices that will become the bedrock for a high-performing health system.

At the same time, CMS must focus on prevention and primary care, steering its resources toward wellness rather than sickness. To do so, it will need to work side-by-side with the Public Health Service and the human services agencies at HHS.

CENTERS FOR DISEASE CONTROL AND PREVENTION

The Centers for Disease Control and Prevention can contribute to a 21st-century health system by making prevention more than just a part of its name. I believe that moving our system toward health care and away from sick care is critical to solving our long-term health challenges. The CDC is critical to that goal.

Too often, too many Americans go without high-value preventive services, such as cancer screening and immunizations to protect against flu or pneumonia. Similarly, community-based prevention efforts, which have helped to drive down rates of smok-

ing and lead poisoning, for example, are underutilized despite their effectiveness. The Nation also faces epidemics of obesity and chronic diseases as well as new threats of pandemic flu and bioterrorism. Despite all of this, fewer than 4 cents of every health care dollar gets spent on prevention and public health. This needs to change.

At the core of CDC's mission is collaborating to create the expertise, information, and tools that people and communities need to protect their health through health promotion and prevention of disease. CDC's efforts to reduce unhealthful behaviors through public awareness campaigns have paid real dividends. Today heart disease rates have declined by half, in no small measure because of the role of community-based prevention. If confirmed, I will work with the Director of the CDC to promote these proven strategies for success.

I will work to revitalize CDC and strengthen its ability to detect and investigate health problems; conduct research to enhance prevention; develop and advocate sound public health policies; implement prevention strategies; promote health behaviors; and foster safe and healthful environments. We should provide greater support to the public health and primary care health workforce.

CDC can focus on ensuring effective coordination between public and private resources at the national, State, and community levels to promote wellness throughout the lifespan, and ensure healthy communities. We can reduce the impact that diseases over the lifespan (such as childhood diseases, chronic diseases, and the aging population) have on public health, the health care system, and our economy. I believe CDC can be a leading agency in promoting the goal of prevention in our health care system.

FOOD AND DRUG ADMINISTRATION

As Americans focus more on prevention through healthier living, HHS must live up to its responsibility to protect the American people through its regulation of food and drugs. Ensuring the food we eat and the medications we take are safe is a core protection that the American people deserve and a core responsibility of government.

The FDA is responsible for the safety of thousands of items Americans depend upon from the toothpaste we use in the morning to the fruits and vegetables we eat all day from the medications we take for the occasional headache to the extraordinary drugs, vaccines, and medical devices that save our lives. Unfortunately, there is growing concern that the FDA may have lost the confidence of the public and Congress—much to our detriment.

When Americans are nervous about eating spinach or tomatoes or cantaloupes, that's not good for our health and it is terrible for our farmers. When nearly two-thirds of Americans do not trust the FDA's ability to ensure the safety and effectiveness of pharmaceuticals, the result is Americans may hesitate to take important medications that protect their health. This is unacceptable.

As Secretary, I will work to ensure that trust in FDA is restored as the leading science-based regulatory agency in the world. I will support strengthening the FDA to meet the pressing scientific and global challenges of the 21st century. I will send a clear message from the top that the President and I expect key decisions at the FDA to be made on the basis of science—period.

Today, there is a broad understanding that the FDA's public health mission is as critical as ever. Consumers want pure and healthy foods. Patients understand that their lives depend on speedy access to safe and effective medical products. Industries need the FDA's seal of approval to inspire confidence. There are also thousands of talented and committed professionals at the agency ready to serve. We can work together to restore the credibility of FDA and advance the health of the American people. The committee led the way through its bipartisan work last year in reauthorizing the user fee programs and strengthening safety.

NATIONAL INSTITUTES OF HEALTH

Equally critical to protecting people by regulating drugs is discovering new drugs and treatments that can prevent, treat, and cure disease. The tremendous discoveries funded by the National Institutes of Health have often enabled us to live longer, better, more healthful lives. These are exciting times at NIH. We are on the cusp of numerous scientific discoveries. What we are learning from the human genome project is truly breathtaking.

NIH is the steward of medical and behavioral research for the Nation. Its mission is science in pursuit of fundamental knowledge about the nature and behavior of living systems, and the application of that knowledge to extend healthy life and reduce the burdens of illness and disability. It is well-documented that investment at

NIH pays real dividends, not only for the health of our citizens but for the strength of our economy. NIH is a unique and prominent agency, the major source of research intended to protect the Nation's health, stimulate the economy with high-tech job creation across the country, make discoveries that fuel the biotech and pharmaceutical industries, and train biomedical scientists for the future.

However, NIH has been flat-funded in recent years, which has produced a 17 percent loss of "buying power" since 2003. There has been a sharp fall in the success rates for grant applicants, now as low as 10 percent for many NIH Institutes. Alternative sources of research support from industry, universities, and philanthropy are also under severe stress because of the current economic downturn. It has also suffered from some instances of people putting politics before science.

America has been an innovation leader, and part of its edge in the areas of biotech is attributed to NIH. Countries around the world are trying to cut into that edge. I will work to strengthen NIH, with leadership that focuses on the dual objectives of addressing the health care challenges of our people and maintaining America's economic edge through innovation.

ADMINISTRATION ON AGING AND ADMINISTRATION FOR CHILDREN AND FAMILIES

As we address these fundamental science questions, we cannot lose sight of the struggles families are facing to make ends meet. A growing challenge for many families is long-term care. The group most likely to need long-term care, those 85 and older, will increase from 5 million in 2006 to 21 million by 2050, creating a generation of Americans who are caring for both their parents and their children. The average out-of-pocket costs facing family caregivers are \$5,500 per year. Addressing the long-term care needs of our rapidly aging population will not be a simple undertaking, but it is doable.

The Administration on Aging plays a lead role in promoting home- and community-based long-term care, including initiatives related to State systems of care, targeting services to those at risk for institutional placement, and much, much more. The growing challenge of long-term care needs calls upon all of us to strengthen the institutions in our communities that support family caregivers.

The Administration for Children and Families will also play a role in improving the health and economic security of Americans. As we face a recession, its impact on the most vulnerable amongst us—our children and low-income families—will be acute. I am reminded that it was a very difficult New Year for too many of our fellow Americans. That is why as the country moves through this recession, I am committed to ensuring ACF is working arm in arm with States and localities to address the needs of our families. It can help with child care, foster care, and supporting those struggling to simply pay the bills for their energy costs through the LIHEAP program.

In addition, many of the core services provided at ACF offer direct economic relief to struggling families and communities. ACF helps low-income workers enter and move up in the job market, promotes fatherhood and strengthens child support enforcement, strengthens communities, and assists in reducing poverty.

HHS plays a vital role in early learning and development through the child care block grant and Head Start as well as Early Head Start. We must recognize that in these tough economic times, those programs will see an increase in demand as well. We know how important investments are in this area; some studies show the way dollar invested in high quality care at these ages yields \$7 dollars in reduced government spending down the road. Ensuring our children's proper emotional, social and cognitive development is one of the greatest responsibilities of the Department, and I look forward to strengthening the important initiatives that are critical to our future as a nation.

CONCLUSION

The challenges facing our country and the priorities of the Department are great—beginning with the need to reform the system.

When health care reform collapsed in 1994, I remember all the criticisms people had after the fact. They said it took too long, they said the process was too opaque, they said the plan was too hard to understand, and they said the changes felt too dramatic.

These are good arguments for undertaking reform in a way that is aggressive, open, and responsive to Americans' concerns. They are not good arguments for ignoring the problem.

One of my favorite quotes is from Nelson Mandela. Referring to apartheid, he once said, "Some things seem impossible, until they are done." He could have been talking about health reform because, for generations now, it has seemed an impos-

sible goal. This time the cost of failure is simply too high. This time, working together, Democrats and Republicans, it no longer has to be impossible. This time, it can be done.

The CHAIRMAN. Well, thank you very much, Senator Daschle, for really a superb statement and review of the central challenges that we face as a country.

I will ask just a few questions, and then we will move on, going back and forth on our committee.

First of all, you have taken some time recently to do a listening session all across the country about what the needs are in this country on healthcare. I thought you might just review what you have found during the past several months and weeks that you have been doing these hearings across the country.

Can you tell us a little bit of what you have seen, what you have found? Any stories or interesting comments that you might want to make on that?

Senator DASCHLE. Well, Mr. Chairman, it was just a wonderful opportunity to hear directly from the people in all parts of the country, all 50 States. Over 8,500 people offered to host these community discussions in their homes. We had over 4,000 people who reported from those discussions.

I attended a couple of them myself, one in Durbin, IN, in a firehouse. I can recall what the fire chief said as we asked him how it was that he could accommodate all of the concerns that he had just outlined with regard to providing meaningful healthcare in a rural community like Durbin, IN. The fire chief started by simply saying, "You know, we just kind of concluded that we are all in this together and that we have to figure out a way to address these problems together."

I couldn't think of a better way to describe the situation as we look at it from the perspective of our country itself. We are all in this together, and somehow we have to find a way to solve this challenge together.

In their case, they have a volunteer fire department and a volunteer ambulance, and they had a lot of trouble trying to sustain their ambulance services. Because they felt that they were all in this together, everybody in the community helps out.

In talking to older people in particular, they expressed the concern about the costs of care. In many parts of the country, they talked to us about the availability of care. A lot of people expressed the hope that we can put far more emphasis on prevention.

I think the uncertainty and the concern that people have, the anxiety they feel about being one illness away from bankruptcy came home over and over again.

This conversation was a very helpful and a very productive one. They had a lot of good ideas about the ways that we could go forward and a lot of hope that perhaps this time we can get it right and that, working together, we can begin to address their anxiety, solve this problem, and recognize that when it comes to healthcare, we really are all in it together.

The CHAIRMAN. I'll ask the Clerk to watch the time very carefully. Could you talk a minute or two just about the urgency that you have seen in this whole battle in trying to bring about some reform of the healthcare system?

What is your sense about the urgency of this? Could you speak to that for a minute or two?

Senator DASCHLE. Well, Mr. Chairman, I have concluded, and I have had conversations with all of you about this. I think that the cost of the status quo, the cost of doing nothing may be the most expensive option of all.

We have serious cost problems now, but every expert says that if we fail to address the issue of costs, that the situation will double just in the next 10 years alone.

The people at General Motors once told us they actually spend more on healthcare today than they do on steel. The folks at Starbucks told us that they spend more on healthcare than they do on coffee, and that the American family spends more on healthcare than they do on virtually any other thing but rent.

From a cost point of view alone, we know this situation will be dramatically exacerbated if we do nothing. The same could be said for access. We have huge problems with regard to the number of uninsured, but that is really the tip of the iceberg.

We have a number of people who are so underinsured that today we are told, statistically, you have about a 50–50 chance, if you are insured, of getting the care that you need—50–50. That is only going to get worse if we continue to fail to address this problem adequately.

Finally, the issue of quality continues to be a very pervasive and corrosive one. It troubles me that while we spend more than any other country, according to just about every evaluation that exists today, we come in somewhere in the 30s. The most recent ranking in the World Health Organization was 37th in overall outcomes—37th—31st in life expectancy and 29th in infant mortality, 24th in overall women's health.

We don't do very well. We have got to figure a way to improve quality. I know that a lot of you have given a lot of thought to that, and I hope we can work together to find ways to ensure that quality can be something every American can count on.

The CHAIRMAN. Thank you very much.

Now for Senator Enzi.

Senator ENZI. Thank you, Mr. Chairman, and I will try and follow your lead in staying within the time limit. That was very impressive.

I will start off with a question for Senator Daschle that I hope is just a one-word answer. One reason we pass a considerable amount of legislation through this committee by unanimous consent is because of a good working relationship between the majority and the minority, both the Senators and the staff.

If confirmed, would you pledge to cooperate in this type of a working relationship with all Senators on the committee, Democrat or Republican, and by promptly answering or responding to any written or phone inquiries, sharing information as soon as it becomes available, and directing your staff to do the same?

Senator DASCHLE. Yes.

Senator ENZI. Thank you.

Senator DASCHLE. If I could just elaborate, I wanted to give you a one-word answer with no qualifications, but I just—yes, for emphasis. I really want to work in a collaborative way.

It is the only way are we going to get this done, and I want to be as responsive as I expected people to be when I asked those questions.

Senator ENZI. Thank you.

Another reason that we are able to get a lot of things done in this committee is that we do follow the legislative process, and I know you are very familiar with that.

A part of the process, though, has been—and one you would have a unique appreciation for is the use of the budget reconciliation, and that sometimes undermines bipartisan support for legislation. When we are trying to create a healthcare policy, you have stated before that you are not looking for a 51-vote solution but, rather, a 70-, 80-, or a 90-vote solution. I hope you believe that is the correct approach to enact healthcare reform.

In the interest of building bipartisan support, will you discourage members from using the budget reconciliation process and, hopefully, even the stimulus package, which will eliminate the ability to really get into the issues and make sure that the unintended consequences are covered and that sort of thing?

Senator DASCHLE. Well, I can give you a one-word answer on that, too, and that is yes, Senator Enzi.

Our goal, our hope, and our desire, our determination is to use, as you have referred to it and as is properly referred, the regular order. We think these committees have tremendous talent.

You have a physician and you have people that have worked these issues, as many of you have, for many, many years. We need that input. We need that involvement and that engagement. I am determined to work with each of you and use the regular order to produce the best product we can.

Senator ENZI. Thank you.

I am going to shift gears a little bit and talk about tobacco because the FDA does approve cures, not poisons. Pending legislation from the last session would give the FDA regulatory authority over tobacco, a product that has no health benefits, but significant risks. I am concerned about a regulatory regime that would lend legitimacy to the tobacco industry.

Do you think that it sends a poor public health message to have an implied FDA seal of approval on an inherently unsafe product?

Senator DASCHLE. Well, Senator Enzi, I believe that it is important for us to discourage tobacco use in every way we can. I believe that it is important for us to continue the extraordinary educational effort that has been underway now for decades.

I have had many conversations with people in the Department of Health and Human Services over my time in public life and have supported efforts over the years to discourage tobacco use and to find ways with which to especially discourage the use of tobacco among younger smokers. I want to continue to find ways with which to do that.

I am inclined to believe that FDA can play a very important role in that regard, but I will promise you that I am going to look at all of the options available to us as to what may be the most efficient, the most appropriate and prudent way with which to address the issue.

I in no way would endorse, in any case, allowing the FDA to give its seal of approval. I think the FDA should, if it did anything, should regulate it in a way to provide the kind of discouraged efforts nationally and within the Federal Government that we have tried to build upon in public policy. I would certainly want to look and work with you to find the most appropriate way with which that could be done.

Senator ENZI. Thank you.

I think within the 80 percent rule there are some other options that we can do that will get the job done. I will yield the balance of my time.

The CHAIRMAN. Thank you very much.
Senator Dodd.

SENATOR DODD

Senator DODD. Thank you very much, Mr. Chairman.

The CHAIRMAN. I understand that Senator Dole and Senator Johnson have other engagements. We want to thank you very much for your presence.

Senator DOLE. I only have one client. I don't want him to get away.

[Laughter.]

Senator DODD. Thank you, Senator Dole.

By the way, I was going to mention, Bob, before you leave, that one of the questions I was going to raise with Tom is going back on the early childhood issues. I was thinking here, reminding myself of a moment where you, George Mitchell and Senator Kennedy were in a room where the Childcare Development Block Grant never would have happened but for Bob Dole or Senator Kennedy.

Thank you for that as well, Bob Dole. How about a round of applause for Bob Dole?

[Applause.]

Well, Mr. Chairman, let me just also join with our nominee and Bob Dole in saying what a pleasure it is to see you back here with us in the Chair. This battle in front of us, which our nominee has very, very aptly described, is going to require remarkable leadership, and there has never been a more remarkable leader than Ted Kennedy. We are thrilled to have you here with us and going through these issues.

I have an opening statement, as I am sure all of our other colleagues do. I would ask consent that that be included in the record.

Tom, welcome. You have described the situation well. We have a healthcare system that is broken.

Senator Lamar Alexander and I had some hearings last year on children. I have had a lot of hearings over the last 26 years in this committee dealing with children's issues. One statistic jumped out at us, came out of a study actually done out of Tennessee in a children's hospital.

We talk about economic conditions in the country and how we are worried that our children or grandchildren may grow up in a country that offers less opportunity economically for them. I think we are all aware of those statistics.

What was stunning in Senator Alexander's report to me was that we may be looking at the first generation of Americans who grow

up less healthy than the previous generation. That has never occurred in our Nation's history before. They will lead potentially less healthy lives, shorter lives with many more problems, and you have described some of them in your opening comments.

There are a lot of issues to grapple with, but I would like to focus quickly, if I could, on these early childhood issues because it is part of the jurisdiction as well of the Health and Human Services area—Head Start, Early Head Start, the Childcare Development Block Grant programs, and the like.

I noted that President-elect Obama has pledged some \$10 billion in new spending on early childhood education through a Zero to Five Plan. I am excited about that, and I commend him for that commitment of support for parents and young children administered through early learning challenge grants.

Federal early learning efforts have historically been led by the Department of Health and Human Services. It is not clear where this new program may operate. I just wonder if you might elaborate—to the extent that you can, here this morning—where you think that is apt to go and how that will be managed?

Will it be still, as I hope it will be, under the jurisdiction of Health and Human Services? Do you have any idea? Maybe it is—if that is not an unfair question for you at this point?

Senator DASCHLE. Well, Senator Dodd, I think you have said it so well. I remember a highway sign outside of Rapid City, SD, many, many years ago, and all it said was it is so much better to build a child than to repair an adult. I have always remembered that.

It is always better to build a child than to repair an adult. That is what you have dedicated so much of your public life to doing.

I have had many conversations with the President-elect about this, and he feels as strongly as you do about the importance of that priority. Organizationally, of course, we are going to be looking at all of this in a very careful and thoughtful way, and we would certainly appreciate the input of every member of this committee, especially you, with regard to how we do it right.

We want to empower these agencies to have the ability to address these challenges. We are not doing as good a job as we should. We don't have the resources. We don't have the personnel, and I don't think we have the priority that it deserves.

I believe in the long-term, as you so correctly state, with regard to healthcare that one of the biggest challenges we have is obesity in this country, and one of the biggest opportunities we have to address obesity is with our children. What a commentary it would be for us to acknowledge and then to accept that children would have a lower life expectancy than we would.

Currently, that is what we are told, that children have a lower life expectancy than we have, in part, because of obesity. Well, I think we have got to address that, and I think the best way to address it is to ensure that we have the infrastructure in place in the Department of Health and Human Services to work with the States and to work with communities and to make sure that we can make it the priority that it so rightfully deserves.

Senator DODD. Well, I thank you for that, and in fact, Senator Harkin has already had a good hearing in prevention. We have

spent a lot of time talking about obesity. In fact, Jeff Bingaman, myself, Senator Kennedy obviously, and Senator Harkin are doing a lot of work on the obesity issue, and I was delighted to hear your comment that you anticipated a question.

Your statement obviously answers the question about the importance of this and that we give it that kind of emphasis. I was stunned to hear your statistics about the diabetes level on the Indian reservations—50 percent of the adult population. Of course, obesity and the correlation is important.

If I may, as well on the FDA issue—and you and I had a good conversation the other day, and there are a number of these critical posts, CDC obviously and FDA—of getting someone in charge there right away. One out of every four products Americans consume is regulated by the Food and Drug Administration. Twenty-five percent of everything we ingest in our bodies is regulated by them.

Obviously, having someone in place there that can give us the kind of direction that you have mentioned in your opening statement is critically important. In that regard, just a quick question, if I could, to encourage you and ask for your comment on it to promote this work dealing with the National Institute of Child Health and Human Development at NIH and FDA, who are doing the best they can with limited resources, I might point out as well, which I know you are aware of.

I would strongly encourage us to promote this work and coordinate, prioritize and expand the work being done by these agencies and others with respect to pediatric therapeutics. I would also be curious of any comments you might have on thoughts regarding strengthening FDA's efforts to protect the unique needs of children with these orphan diseases.

Again, it is a complicated area. We have spent a lot of time in this committee over the years dealing with those issues of encouraging development by the pharmaceutical industry for medicines and strengthening efforts, including even in medical devices for children.

I don't know if you have any thoughts or comments you would like to share with us on that point?

Senator DASCHLE. Well, I think you are absolutely right, and I have had the opportunity to talk with others on the committee who share your concern about this. The first part of your question is, can we move expeditiously? I can assure you that we are moving very expeditiously.

We hope to build our team of leadership within HHS within the next few weeks. We have been doing aggressive interviewing and reviewing and soliciting good ideas, and we would certainly be open to your suggestions about leadership in each one of these important departments.

Second, I would say that it is very important. Senator Burr and I had this conversation the other day about breaking down stovepipes so that the interrelationship between these agencies can do a better job of coordinating the effort.

FDA has an important role. But with regard to much of the research, so does NIH, and with regard to public health, so does CDC. What we have to do is make sure that those stovepipes that

prevent a kind of cooperative effort and a kind of integration to go forward have to be torn down.

We are going to make a real effort to coordinate, to integrate, and to provide the kind of mission-driven approach to this that will accommodate the goals that you so articulately outlined. I think you put your finger on a very important one, and we are going to be working with you to accomplish it.

Senator DODD. Well, I thank you very much.

This is a challenging time, and I want to commend the President. He couldn't have chosen a better person who can take challenges and handle them not only efficiently and well, but with great courage and leadership. I can't wait to work with you over the coming several years to get this issue back on track again.

So congratulations to you.

Thanks, Mr. Chairman.

Senator DASCHLE. Thank you.

[The prepared statement of Senator Dodd follows:]

PREPARED STATEMENT OF SENATOR DODD

Thank you Chairman Kennedy. I want to welcome and congratulate a former colleague of mine and of many of the members of this committee, Senator Tom Daschle, on his nomination to be Secretary of the Department of Health and Human Services (HHS).

Having served on this committee for 26 years, I can't recall another time when the challenges facing the Secretary of HHS were so complex. We have a health care system that is broken—impacting our families, our businesses and our competitiveness as a nation—and a Department of HHS and health agencies in desperate need of leadership. As important, is the critical need to restore the Department to one whose decisions are based on the best available science, not the political ideology of the moment.

Given these challenges, I can think of no better leader to tackle these important challenges than you, Senator Daschle. The knowledge, temperament, passion and expertise you possess will be instrumental in achieving comprehensive health care reform—reform that at long last makes health care accessible and affordable for all Americans.

I also want to take a moment here to recognize how important the leadership of our Chairman, Senator Kennedy, will be in achieving comprehensive health care reform. He has made this the cause of his career and his life. His name is synonymous with national health care reform. I continue to be proud to serve with him and as we embark on this effort, I can think of no one I'd rather have at the helm of this endeavor.

The case for reform of our health care system has never been stronger. Many say Americans have the best health care in the world and for many Americans that may be true. But how effective can that system be if it is unaffordable and inaccessible to millions of Americans? In my State, health care premiums have shot up 42 percent in the last 8 years—in the last 2 years, nearly 1 in 10 of our people have had no health insurance at all.

And how can we have a world-class health care system if high-quality care and value are inadequate in many parts of the country despite \$2 trillion in annual health care spending?

At the same time, our health care system is failing millions of our Nation's children and adolescents. The United States is a leader among industrialized nations in infant mortality, affecting African-American babies at more than two times the rate as non-Hispanic white babies. That is unacceptable.

Our system is creating a generation of children who may well be the first generation of American children who will live shorter, less healthy lives than their parents. That, too, is unacceptable.

This is happening, in part, because our system is driven not by the prevention of illness and disability but the treatment of illness and disability. It's completely backwards—and it has to change. And with your leadership and the work of this committee, I believe it can and will change.

Over the past year, the full HELP Committee under Chairman Kennedy and the Children and Families Subcommittee, which I chair, have held several hearings examining such public health issues as childhood obesity, disease prevention and health promotion, and the alarming rise of food allergies in children. The work done by this committee on those issues and many others such as health information technology and health insurance market reforms will be essential to the overall reform effort.

Senator Daschle, I know you recognize that no reform package can be complete without making the necessary improvements to our Nation's public health and prevention system and the health care workforce underpinning that system.

While health care reform is a top priority for me and for this entire committee, I also want to address another vitally important issue and a responsibility of the Department—early childhood education and development. This is an issue that has long been near and dear to my heart. I am encouraged by the commitment President-elect Obama has made to early childhood education, and I look forward to working on new proposals as well as strengthening current programs like Head Start and CCDBG to benefit our children and their families. An investment in our youngest Americans pays off in their readiness for school, their health, job creation now and in the future, and the need for fewer social services later in a child's life.

Given the challenges facing this huge—oftentimes disparate—Department, it is my hope that your team will be in place as quickly as possible. I encourage the swift selection of leaders at the FDA, NIH, CDC, and HRSA where action on numerous statutes this committee has produced in recent years await action—everything from newborn screening to access and availability of pediatric therapeutics to drug safety. And I look forward to working with Chairman Kennedy to help move these nominations as expeditiously as we can.

I believe you will make an outstanding HHS Secretary, Senator Daschle and have no doubt you will serve our country and President-elect Obama well in this role as you have in every other. And I look forward to working with you, Chairman Kennedy, and my colleagues on the committee to bring meaningful, lasting change to our Nation's health care system in the months and years to come.

The CHAIRMAN. Senator Burr.

SENATOR BURR

Senator BURR. Mr. Chairman, welcome home. Because I think this is home for you on this committee, and we are glad to see you.

Senator Daschle, welcome and thank you for your willingness to once again serve in a capacity when asked.

Let me talk about FDA, if I can, for a minute. For years, the FDA has been the gold standard of the approval process for drugs, biologics, devices, and I think it is recognized that way around the world. The FDA is struggling today due to lack of funding, low morale, and an increasingly expanding mission.

I recently heard of a company that had pulled a decision to have their EU-approved diabetes drug approved through the FDA because once the FDA designed the clinical trial process they would go through, they realized that it was more expensive than the value of the U.S. market for what was a revolutionary drug for diabetes. That alarms me because the FDA can function and the American people can lose.

Share with me, if you will, how you think we overcome this in the future because I think we both agree that the innovation of drugs and biologics and devices are part of the key to our ability to control healthcare costs in the future, but also to provide the quality that I think we all want to.

Senator DASCHLE. Well, you ask such a very, very good question, Senator Burr. I think I would say that there are four components that will allow us the opportunity to do this right.

The first component is one that you all know extremely well in that you have to start with good public policy. We have to know what the policy is going to be and the degree of clarity with regard to what that policy is, is critical.

The second is you have to have the resources, and you alluded to the fact that we have had struggles with resources in FDA and elsewhere. I think we have to address the resource question, and we would certainly want to work with you with regard to resources.

The third is leadership. I think we have to show real leadership with regard to priorities and with regard to the kind of motivation of the workforce to do all we can to maximize our opportunities once we have set the policy and found the resources. We need the leadership to make sure this is going to work right, and I hope we can provide good leadership.

Partly, it goes to Senator Dodd's question of who it is we are going to find to head up FDA. All through the Department of Health and Human Services, we have to have good leadership.

Then, finally, it seems to me, we have to be able to coordinate better. I worry that there is not enough coordination. I worry that the NIH doesn't talk to the FDA, doesn't talk to the CDC, doesn't talk to CMS as much as they should.

I think we can—if we are sensitive to that and if we know that that problem exists, I think we have got to find ways to tear down the stovepipes that you and I talked about the other day. It seems to me if we did that, if we had those four components in place, that we could really make a difference there, and I hope to work with you to make that happen.

Senator BURR. Well, I thank you for that.

Senator, the Ryan White Care Act is up for reauthorization. I am curious. Do you agree with me that the funding should follow those that are infected with HIV?

Senator DASCHLE. Well, I agree with you that the Ryan White Act is—first of all, I commend the people on this committee on a bipartisan basis for showing the support and for the effort that they have made over the years.

While I think there are differences with regard to how the overall funding ought to be calculated, I generally believe that that direction in funding is appropriate and ought to be respected.

Senator BURR. I thank you for that.

Senator, I don't want to put you on the spot, but you mentioned South Dakota and the rural nature. North Carolina is very much the same, and I think the rural States are unique and require certain additions to our thought process for the same level of care to be delivered or the same level of coverage to be delivered.

Medicare Advantage was created to try to provide options in rural markets, or the way it was designed was with the rural markets in mind. Now, the President-elect has proposed changes to Medicare Advantage, and I would only ask you if you have any comments relative to how, if you structurally changed Medicare Advantage, it would affect South Dakotans' ability to have choices for coverage, specifically those seniors under Medicare?

Senator DASCHLE. Well, Senator Burr, as you know, in most rural areas we have huge problems relating to access in particular. We have a wonderful infrastructure in place that has come about in part because of the support of this committee in community health centers. I have had the chance to talk with some of you about the role of community health centers in rural America in particular, and I can't tell you how strongly I feel about their import.

We have a real problem, of course, with the IHS and the lack of adequate funding for facilities on Indian reservations. We have a serious problem there with regard to access that has to be addressed, both access and quality in part because of resources.

I do think that as we look at Medicare Advantage, it has provided some support for people in rural areas, and to the extent that it has, it has been welcome. I think it has become a much more expensive option, unfortunately—13 percent more expensive. I think we have to look at whether or not we are getting our money's worth. The President-elect has said that he thinks it is important for us to look at the inefficiencies and the problems associated with spending in Medicare Advantage and address them.

It is law. Part C is part of the Medicare program. I would hope that we could look at Medicare Advantage and Medicare and Medicaid in the larger context of health reform and find ways with which all of these problems can be made to work better. I look forward to working with you on that goal in particular.

Senator BURR. Thank you.

Thank you, Mr. Chairman.

[The prepared statement of Senator Burr follows:]

PREPARED STATEMENT OF SENATOR BURR

Thank you, Mr. Chairman. It is a pleasure to be here today for the HELP Committee's first hearing on President-elect Obama's Cabinet choices. I think after 4 years in the Senate someone still needs to explain to me why the *Finance Committee* gets the official nomination hearing for HHS Secretary, but I am pleased that the *Health Committee* at least has a chance to talk to the designee about the critical health care issues and challenges facing our Nation. Perhaps, Mr. Chairman, we can hold a hearing next week on tax reform.

Senator Daschle, thank you for being here. Although our times in the Senate did not overlap, I am aware of the work you did as Majority Leader and the thinking you have done on health care reform since leaving the Senate. It is a pleasure to have you before this committee to talk about your responsibilities if you become the next HHS Secretary.

As you are aware from your tenure as the Senate Majority Leader, the issues you will be responsible for at the Department of Health and Human Services are broad and complex. Our Nation's health care system is at a critical point and decisions by HHS will determine the wellness of Americans in the coming century.

As I said earlier, you have clearly done a lot of thinking about health care reform in the past several years. I think we can agree that wellness and prevention need to be a key part of any health care reform effort, and our goal should be to ensure affordable, high-quality health care coverage for all Americans. I am concerned about several aspects of the health care plan outlined in your book, including the Federal Health Board, but I am more concerned about the attention that needs to be devoted to overseeing HHS.

As you know, HHS includes CMS, FDA, NIH, CDC, SAMHSA, HRSA, and many other important agencies and offices. Those agencies and offices are key parts of this country's health care system, and I am very concerned about what will happen if they are not given needed focus and attention.

The FDA alone faces challenges in all of its areas of jurisdiction, including issues surrounding food safety, drug safety, biosimilars, and device safety. Senators Durbin, Gregg, and I will be re-introducing our food safety bill early this year, and I hope you can support us in this bipartisan effort.

CMS is managing Medicare, Medicaid and SCHIP—programs that face massive fiscal issues and are critical to our seniors and the most vulnerable of our society. CMS's Medicare decisions set the standard for health insurance decisions throughout the United States. Leaders must ensure those are sound medical decisions and not just based on cost.

The Office of the Assistant Secretary for Preparedness and Response (ASPR) and the Biomedical Advanced Research and Development Authority (BARDA) are currently implementing legislation that Senator Kennedy and I worked on to help make sure our country is prepared to respond to an act of bioterrorism or other public health emergencies. The CDC is trying to combat childhood obesity, global infectious diseases, injuries, and many other public health threats on a shrinking budget.

While I welcome your thoughts on health care reform, during this hearing I hope we will hear from you about your plans for the agencies and offices under HHS. Our country needs a Secretary of HHS who will be focused on every part of his job responsibilities. Senator Daschle, I look forward to asking you some questions and working with you in the future.

The CHAIRMAN. Senator Harkin.

SENATOR HARKIN

Senator HARKIN. Thank you very much, Mr. Chairman.

Again, it is great to see you back as our Chair. It is great to have you back, Ted.

To our colleague, Tom Daschle, again my congratulations. It is going to be a lot of hard work, but there are some really great things I think that we can accomplish.

First of all, let me just thank you so much for your testimony, which I read last night, and the many times that you referred to prevention and the fact that we need to make it a central part of health reform. You also mention that in your book more than once. You mentioned it in your verbal testimony today.

Senator Mikulski just asked me what I meant about prevention, and I would like to interchange prevention and wellness. It is not just preventing illness. It is enabling people to stay well.

As Dr. Andrew Weil once said, "the body really wants to be healthy." We are engineered over the millennia that our DNA wants us to be healthy. That is the normal state of being of the body. Yet we interfere with that too many times by what we eat and what we smoke and what we drink, and we don't exercise and all other kinds of things.

How do we build the system to change it so that we really promote wellness and incentivize it? All the incentives now in our system, as you know, Tom, is on patching, fixing, and mending, as you have so eloquently said both here today and in your book.

In this area of prevention, much of it is not what we think of as being under the health umbrella. I think school-based programs, what our kids eat in school—we have the child nutrition bill up again this year—workplace wellness, community-based wellness programs.

Also one other part, and that is mental health. Again, you focused on that also. Many times we have found that many of our physical ailments have their genesis in stress, depression, other forms of mental illnesses.

I guess my question is, in thinking of all this, how are you kind of focusing on integrating all this? I mean, you are going to be the head of healthcare reform, but a lot of this is not just under that healthcare umbrella. It goes out into transportation. It goes into schools and workplaces and tax policies and things like that.

If you could, just give me some idea of how you see this—you are head of this, coordinating and pulling all this together so it is not just in Health and Human Services. It is in, as I say, Department of Transportation, Department of Education, Department of Agriculture. All of these different things impact us on whether we are going to be healthy or not. Just some idea of how you would pull all of this together.

Senator DASCHLE. Well, Senator Harkin, you have said it very, very well. I think we need to change the paradigm in this country on health. It starts with that big picture belief that the paradigm needs to be changed from illness to wellness.

If we understand the shift in paradigm and the recognition that it is no longer an illness-driven system, it is a wellness-driven system, it starts to open up the series of considerations that you suggest have to be made that fall way outside the purview of Health and Human Services.

I look at healthcare as a pyramid in every country, where at the base of the pyramid you have primary care, and you work your way up until you get more and more sophisticated, until at the very top you have heart transplants and MRIs.

Every country starts at the base of the pyramid with primary care, and they work their way up until the money runs out. We start at the top of the pyramid, and we work our way down until the money runs out. And the money runs out. So few people get good primary care and wellness.

We have to change the pyramid. We have to start at the base. And if we are going to do that, it has to be pervasive. It has to be part of the goal of the Department of Education, the Department of Defense. It has to be the goal of the Department of Commerce. It has to be the goal, in other words, of everyone so that we can market the idea of wellness.

Partly, it is the marketing. We have got to be—you know, wellness has to be cool, and prevention has to be a hot thing. We have got to make prevention hot and wellness cool.

It is really important for us to build that perception of prevention and wellness in a way that actually is part of all aspects of our lives—our workplace, our school, our buildings—and find ways of which to make wellness easier.

Much of it has to do with nutrition. As chairman of the Agriculture Committee, no one has spent more time on nutrition than you have. It has got to be nutrition.

We aren't going to address obesity and prevention and wellness unless we make better school lunches, and unless we take the junk food out of schools, and unless we put physical exercise back into the school curriculum. Those kinds of things could go a long way to helping us create this new wellness paradigm that we need so badly.

Senator HARKIN. Wow. Keep giving that speech, will you, Tom? Thank you very much.

Thank you, Mr. Chairman.

The CHAIRMAN. Senator, thank you.

Senator Coburn.

SENATOR COBURN

Senator COBURN. Thank you. As with others, welcome back. It is good to see you looking so well. I can't wait till that thundering voice comes after me on the Senate floor. I will appreciate you being there.

Senator Daschle, thank you. I very much enjoyed our conversation yesterday. Appreciate it.

One of the laws that President-elect Obama passed was the accountability and transparency law. It is a law, and it is a mandatory requirement. We have a lot of those that agencies don't comply with, like improper payments, etc.

In my discussions with him, he is very insistent, and I just wanted to get a commitment out of you for the agencies that work under you, that you will be in compliance to make sure that every agency under your authority will, in fact, submit monthly the data so the American people can see where we are spending our money and what we are doing, both down to the subcontractee and the subgrantee.

Senator DASCHLE. Senator Coburn, I couldn't agree more with you. I have had conversations with the President-elect about it. I know that is important to him, as it is to you, and I will do all I can.

And I need your help. If I am not doing it, I need you to let me know how I can do better.

Senator COBURN. I will remind you.

Senator DASCHLE. Good.

[Laughter.]

Senator COBURN. You and I had this discussion yesterday. One of the reasons prevention doesn't happen in this country is because we don't pay for it. As a matter of fact, in Medicare and Medicaid, we refuse to pay for it. We refuse to pay for prevention.

Our last Medicare trustee report showed just on Medicare alone the infinity cost, unfunded liability, was \$85 trillion. The only way we are going to bring that number down is through prevention, preventing chronic disease instead of just retreating it. Your pyramid is a very good explanation of where we stand on that.

I would submit for your perusal, an editorial today in the *Wall Street Journal* about Medicaid, because I know we are going to be talking in the stimulus package about putting Medicaid dollars in it. It was written by a former member of the HHS team, Scott Gottlieb, talking about the quality that is available on Medicaid, and I would love to see your comments on it because I think there are some significant things.

Senator DASCHLE. Sure.

Senator COBURN. In the time left, I just want to join with my colleague, Senator Burr from North Carolina. We are both highly interested in Ryan White. Last year, we made significant changes to where the money is following the epidemic, where African-American women, who have been discriminated against by formulas, it is vastly important that those dollars go where the disease is, if we are ever to get a true handle on it. I was glad to hear your response.

I know that is controversial because of some of the programs. If we are not going to follow the epidemic, then we are going to have another problem later on that is going to get further out of our control.

One of the other commitments that President-elect Obama made in his campaign—and he and I have talked about it—is a top-down review in every agency across the Federal Government about what is effective, what has metrics on it, what doesn't, how do we meas-

ure it, and how do we get rid of the wasteful and duplicate programs.

I guess my question is, No. 1, are you committed to do that? No. 2, when do you expect to have that finished? Because in HHS, there is a ton of inefficiency. We all know that. That is not talking about the workers. The workers there are great. We designed the programs, and we have created the inefficiency.

When would you expect to have that completed? And would you give us a copy of that so that we can see it as well? Because unless we can legislate on it, we are not going to be able to make any impacts for you.

Senator DASCHLE. Well, Senator Coburn, I believe that a top-down review is essential. I would start with that. I think it is very, very important for us to understand what the problems are before we try to make the system better.

I also think that if all of us want to encourage the use of best practices and good comparative research, we ought to start with the institutions themselves and try to apply best practices approaches and management decisions with regard to each one of the departments within HHS. I will be very vigorous with regard to the top-down review and, frankly, would want to do it as expeditiously as possible.

I am not familiar with the length of time matters like this would normally take, but I will keep you apprised of our progress and, by all means, would be more than happy to share it with you and members of the committee. I think you should have it because I think, most likely, if there are issues that are going to have to be addressed, many of them may be issues that involve statute.

We would love to work with you on that, but I will certainly keep you apprised of our progress as we go forward.

Senator COBURN. Mr. Chairman, are we going to have a second round?

The CHAIRMAN. Yes.

Senator COBURN. OK, thank you. I yield back.

The CHAIRMAN. Thank you very much.

Senator Mikulski.

SENATOR MIKULSKI

Senator MIKULSKI. Senator Kennedy, we truly are so glad to see you back with that robust voice and the verve and the vigor. I just want to let you know that Senator Enzi was so kind in his comments about the Higher Ed Act.

The CHAIRMAN. Yes.

Senator MIKULSKI. I want you to know, Senator Enzi really helped me be able to work on a bipartisan basis to be able to do that, and Senator Burr was particularly helpful with the minority historically black colleges. We really did work very, very well together, and I want to thank all of our colleagues for doing that.

Senator Daschle, it is really with great enthusiasm that we see you. I remember that we once talked about a colleague who had a bit of a swagger, and you said he was all hat and no cattle. When I looked at the 67,000 Federal employees you have, you have a lot of cattle. Now we have got to get you a hat, as Secretary of HHS.

I think all of our colleagues know that you bring great intellect and grasp of public policy, a real commitment to the issues. In working with you as our Democratic leader, I think one of the signatures of your style is collegiality and consultation, and I know that that is going to be a hallmark of how you will work. I believe that is how we will be able to deliver for the American people.

Let me go right to my questions and talk about those 67,000 employees, many of whom reside in the State of Maryland. They work at agencies like NIH, 13,000—from firefighters to protect the public safety of our employees and their research to the Nobel Prize winners would be there; to FDA, over 4,000 people; to CMS, which is there. I can tell you right now they want to work, and they want to work for change.

What they are so frustrated about is the type of leadership that they have not gotten, and that goes to a question that I have for you. I see the direction as three Rs—one to reinvigorate our civil service, to reform the way we do business, and for them to have the resources they need to do the job.

Let us go to FDA, which we feel, many of us, was one of the most politicized agencies in the Federal Government. Senator Murray and I worked on many women's health issues. We had things like Dr. Susan Wood being pushed out.

We had the Office of Women's Health that I helped create with Senator Olympia Snowe, where we had to fight to not only keep it, but when we cut it, they put a guy who was a veterinarian in charge of it. We had one battle after another, from micro to macro, in the safety of our drugs.

When you look at these agencies, and often we blame the so-called bureaucrats, but I think we have to look at the political leadership that was there and the kind of leadership that they can now expect. How do you see reinvigorating and reforming these science-based agencies?

Senator DASCHLE. Senator Mikulski, I have had some real good conversations with people within the department and with others in regard to that very problem.

The first and most important thing is something I said in my statement, which is that I want to re-instate a science-driven environment. I want to take ideology and politics as much as humanly possible out of the process and leave the scientists to do their job.

I think it is very important for us to allow scientists to be scientists and to give them the resources to do it right. And so, it starts with that. It starts with the importance of giving them the autonomy they need, without fear of conflict at some point with others along the decisionmaking process regarding factors having nothing to do with science.

It starts by empowering our scientists to do the great work that we know they can do.

Senator MIKULSKI. Now let us go to drug safety and drug efficacy. One is the safety issue, and my question is, have you had a chance to develop a framework on whether you want an independent board to ensure, how we assure safety? Then it goes to efficacy.

Now, one of the things in FDA approval, is the drug effective now? One of the questions is: Is the drug that is being proposed

more effective than what might be cheaper and already available on the market? Have you had the chance to look at that, or will you wait for your new FDA commissioner to advise you on this?

Senator DASCHLE. Well, we have begun to look at it, but I do believe that this decisionmaking process has to be very thoughtful, has to be very collaborative, and certainly should involve our leadership within FDA in particular, but also members of this body, this panel, in particular, as well.

It is important that we come to grips with it and to put an infrastructure in place. I would certainly love your input and your guidance as we do that. I want to wait until we have the leadership in place before we make any final decisions.

Senator MIKULSKI. Well, I am sure that the transition team is moving on it.

I would like to go to prevention and quality. I chair a working group on quality. The reason I asked about prevention, it is the most often-used phrase and the least understood.

One, usually prevention means more testing, and we support that. You were a leader in helping us get mammograms for women in your role here, and we appreciate that. The other issue is also what doctors will say is diet and exercise. Then where does that happen, and how does that happen, and how do we ensure compliance?

My definition of prevention, particularly in the management of chronic disease, is if you have it, it doesn't get worse. Let us take diabetes, you go from insulin-resistant to perhaps being insulin-dependent, but you want to avoid the micro-vascular consequences—eye deterioration, vascular deterioration, kidney deterioration. That comes from good medicine, good medical practice, and diet and exercise.

Most doctors will give you a sheet of paper that says here is the diet, and you need to do more exercise. Then people are on their own. I wonder, No. 1, how do you see in health insurance reform, if we are going to have medical homes, we will move toward compliance and also move to a broader definition?

For example, for we who work with seniors, much has been said about, "gee, we have the whole Older Americans Act." We have senior centers in every community, which could be tools particularly for a particular population to prevent the further escalation of their chronic condition.

I wonder if that is what you mean by breaking down the stovepipes? Then also this whole idea, if we get health insurance reform, how are we going to have compliance with medical recommendations?

Senator DASCHLE. Well, there is—

Senator MIKULSKI. Maybe that is a whole other hearing.

Senator DASCHLE. I do think that it is subject to a lot more discussion than we probably have time for this morning, but I think you put your finger on two very important factors here.

One is defining our issues as clearly as we can. And before we can ever get to the solutions of healthcare, we have to make sure that we are all on the same page with regard to the problems of healthcare. I would hope that we could be of like mind with regard

to at least the ideas that many of us have already begun to share on those problems.

We have cost problems. We have access problems. But as you rightfully point out in your question, we certainly have quality problems. If those are the categories of problems—cost, access, and quality—how is it that we can build a high-value, high-performance system?

Well, it seems to me the only way to do it is to improve access, improve quality, and reduce cost. But, how do we do that? That gets to your question, the second part of your question.

That takes a framework, and I think we should talk a lot more about how we ought to ensure a proper framework. I have very strong ideas about it, but I also know that this has to be collaborative. I think there has to be a realization that unless we have a framework, we can talk about policy, but ultimately, the implementation of that policy will never come to fruition.

We have to have a better integration, more efficiency, far more transparency. The only way that is going to come is if we can put a framework in place to ensure that the system is administered a whole lot better than it is today.

Now it is administered in small pieces all over with very little integration. Senator Coburn and I talked last night about interoperability, and that is just one example. We don't have an interoperable system yet.

You can argue about how long it will take to get there, but it just seems to me it ought to be an embarrassment for this country, in this day and age, that we still don't have an operable system when it comes to health information technology.

And that goes to your point. We need to find a way to make that happen, and I want to work with you to ensure that we make that as high a priority as it deserves to be.

Senator MIKULSKI. Thank you, Mr. Chairman.

The CHAIRMAN. Thank you very much.

We have historically followed the leadership role on this committee, and just so that we let our colleagues know, which would, on our side, have Senator Murkowski next and then Senator Hatch in that order. We will follow that order on this committee as well.

SENATOR MURKOWSKI

Senator MURKOWSKI. I had to consult with my colleague here. I appreciate that, Mr. Chairman.

Senator Daschle, welcome. I appreciate the time that you gave me the other evening as we discussed issues as they relate to healthcare and the most vulnerable in our society.

We talked about the situations with American Indians, Alaska natives, and their healthcare status. So, again, I appreciate your time. I appreciate your willingness to serve in this capacity.

One of the issues that comes to me as I go back home to Alaskans is the issue of access. Both of us coming from rural States, where we don't have the number of healthcare providers that we would like to have for our constituents, we share the same concerns.

What we are seeing in my State of Alaska with Medicare-eligible individuals and their ability to see a doctor in the largest city in

the State of Alaska—to know that there were no doctors that were willing to take on new Medicare patients; and all of a sudden, it became not just somebody else's problem, but it was a problem for people everywhere throughout the State.

We have been working to deal with that in just little bits and pieces, but nothing that is really making a difference. I have constituents who are coming to me and saying, "Lisa, we would rather forego the Medicare benefits that we have paid into for years and instead purchase private coverage just so that I can get in to see a doctor. I just need to be able to see a doctor."

What are we going to do about a Medicare system that is failing our seniors in many areas when they can't get in to see anyone? What is it that we can do?

I know that there are some suggestions out there that would broaden the scope of the Medicare coverage, including individuals between 55 and 64. Do you believe that Medicare is sustainable enough to bring more enrollees into the program?

Speak to me a little bit about Medicare and specifically what it means to those of us in rural States, where we have such an incredible shortage of providers.

Senator DASCHLE. Well, Senator Murkowski, you have spoken with a real passion about it, and I can understand that passion because anybody from the West can identify completely with your very apt description of our circumstances.

I think access is a function of many different factors, and obviously, as you rightfully suggest, Medicare is a big part of and a very pervasive part of this situation. We almost understate the problem of access if all we do is limit it to the number of uninsured because we have a real access problem when it comes to mental health in this country. There are so few mental health providers in South Dakota.

Mental health is oftentimes overlooked in so many ways, in part because it has not been given the priority it deserves. Thanks to extraordinary efforts by the Chairman and members of this committee, we are beginning to build the kind of parity with regard to mental health that is so critical. Access to mental healthcare in rural areas is almost nonexistent in some cases.

Access to dental care is a real problem. It is a function of Medicare in part. I think it is a far more universal challenge. I think there are four things that I would suggest we consider to begin to start addressing this issue.

One is to encourage in as many ways as possible more primary care providers. I would like to go back to the National Health Service Corps to see what we can do to encourage larger numbers of National Health Service Corps providers.

Senator MURKOWSKI. We can start by funding that.

Senator DASCHLE. Funding.

Senator MURKOWSKI. Yes.

Senator DASCHLE. Funding is a good way to start. The resources in that regard would be very helpful. Encouraging students, as we change this paradigm from illness to wellness and encouraging students to come back into primary care and to be willing to be the kind of family practitioners that ought to be the anchor, the basis upon which our healthcare system is built is a second thing.

I think we ought to use our alternative providers—and I don't really like that term—such as the nurses, the nurse practitioners, and the physician's assistants, far more effectively. Pharmacists can play a far more important role than they do. That, to me, is a very important part.

As we talked, I think we can do a lot more with HIT, especially in rural areas. We need to encourage better broadband access and far more utilization of services provided through HIT. All through this, Medicare could be the beneficiary of that effort, and I hope we can make that happen.

Senator MURKOWSKI. Thank you, Mr. Chairman. I have pages and hours more questions, but I will defer until the next round.

The CHAIRMAN. Senator Murray.

SENATOR MURRAY

Senator MURRAY. Thank you, Mr. Chairman. It is wonderful to see you back as well.

The CHAIRMAN. Thank you.

Senator MURRAY. I am delighted that you are going to be leading us as we head into a very important healthcare discussion and, hopefully, move legislation this year. It is great to see you here.

The CHAIRMAN. Thank you very much.

Senator MURRAY. Senator Daschle, welcome. I am delighted that you are taking on this agency. Congratulations on your nomination.

I look forward to working with you. Your passion has been shown to this committee. We know that these are the issues that really drive you, personally, and have for many years. I am delighted you are going to be at the helm as we take on some incredible challenges over the coming years on healthcare and all of the other issues that you will be facing.

You have heard a lot of people talk to you about access. You talked about it in your opening statement. You talked about the lack of providers, particularly primary care physicians. I have been holding a number of hearings in my State to talk about the lack of healthcare providers that are out there, and there is a direct correlation with cost.

If there isn't a doctor to go to or nurses available, it drives up the cost of healthcare. It isn't just doctors. It is nurses and a vast array of other healthcare providers. When I go back to young people in high school who are going to hopefully go into these professions, very few of them know about these professions or have begun to prepare in a way to go into those fields.

I wanted to ask you, as we look at healthcare reform in whatever form it comes to us, is there a way to incorporate bringing more people into healthcare professions, showing them the paths that they need to get into them, and ensure that we focus on making sure we have enough providers in the vast array of healthcare that is out there?

Senator DASCHLE. Well, Senator Murray, I think you ask a very, very important question. I think it starts with sort of a realization that our system works through incentives.

Right now, there is a great deal of incentive to become a subspecialist. The reimbursement system as an incentive is one that clearly incentivizes subspecialties. I would like to see the day when

we incentivize in the same way our primary care providers, our nurses. I would like to see incentivization of a wellness system all the way through, from providers through institutions to our clinics.

I think that, in part, is how this is going to happen, is the incentivization that will have to occur. There is no better opportunity for us to do it than with health reform.

But it can't just be that. I think we also have to encourage that the providers themselves be incentivized. That seems to me to suggest that we put more emphasis on scholarships for primary care providers, more emphasis on forgiveness of college costs for primary care providers, finding ways to say, "Look, if you take this route, we are going to be with you. We are going to be a partner with you. We are going to try to find ways to ensure that you have the financial wherewithal to become that front-line physician or that front-line provider that we need."

We need to send that message. And it seems to me payment reform and tuition assistance are two powerful tools to do it and to incentivize in a way that could make this system begin to turn around.

Senator MURRAY. Well, I really look forward to working with you on that. I obviously heard a lot about primary care physicians, but it was everything from therapists to somebody to read the mammogram.

Senator DASCHLE. Exactly.

Senator MURRAY. We have got to incentivize those and create this. We are looking to create jobs. We have got to focus on that, and I think you have outlined some great ways to do that. I look forward to being a partner with that.

One of the other issues that affects costs—and I know Senator Murkowski shares this view—is the way we reimburse physicians today under Medicare. The sustainable growth rate is an outdated system that basically incentivizes people using patient utilization rather than looking at healthy outcomes for reimbursement.

This is an issue I know you and I have talked about when you were leader. I am frustrated with it because it was impacting a lot of physicians in my State who are no longer seeing Medicare patients because of the reimbursement. We need to make this system more fair, to focus on healthy outcomes. Is this something that you are going to be focusing on as well?

Senator DASCHLE. Well, I couldn't feel more strongly that the SGR system just isn't working right. We are in the middle of it right now, as you know. We have to come up with some sort of an answer to the expiration of the current authorization this year.

I can recall being in your shoes on countless occasions and saying I don't really have a clue what the SGR should be. I am going to listen to the experts. I am certainly going to pay attention to my staff. But, at the end of the day, I don't know that it makes a whole lot of sense for you to be put in that position over and over and over again.

It is as hot a political position as you are ever going to get. Even after you get beyond the politics and the pressures, you still have to worry, do I have the wherewithal to make these decisions on a routine basis?

We need to come up with a better system administration, and I am hopeful that we can do that as we look at health reform.

Senator MURRAY. I hope we look at it not as reimbursing based on utilization, but rather based on healthy outcomes.

Senator DASCHLE. Absolutely. Healthy outcomes, and I don't think we ought to base it on a procedure-by-procedure approach. I think it ought to be episodic. I would like to see us look at sort of the larger issue and encourage, as you say, better outcomes.

I am not one who supports the so-called performance-based approach. I do believe that there are episodic ways with which to look at reimbursement that give us a lot more latitude to incent again, if I can use that term, better outcomes and lower cost and far less hassle for providers.

Senator MURRAY. Very good. My time is up. Thank you very much. I look forward to working with you.

Senator DASCHLE. Thank you.

The CHAIRMAN. Senator Hatch.

SENATOR HATCH

Senator HATCH. Well, thank you, Mr. Chairman. Glad to see you there. I look forward to working with you in the coming months and years.

Senator Daschle, it is great to have you back. Nice to have you here. I am particularly appreciative of Linda for allowing you to do this gut-busting job. Because it is going to be a tough job, but it is really important, and I think you can do it well. And I intend to support you.

There are a lot of areas where I think there is consensus, for instance, your ideas on nationwide health information technology infrastructure and giving every American an electronic health record. Your emphasis on preventive care, I think that is important. Of course, the national problem of childhood obesity and adult obesity as well as increased access to healthcare for rural areas, certainly underserved areas, mainly through community health centers.

This committee is a very strong committee with regard to implementing and helping community health centers, because I think they do a terrific job at a reasonable cost compared to so many other things.

Of course, you have indicated a desire to try and resolve some of the medical liability problems as well because we know that is driving an awful lot of the costs. Anybody who has ever worked in that area, and I have, understands that. These are all very, very important things.

If I could just mention a couple of things. Members of this committee have become increasingly concerned about the issue of antimicrobial resistance. A number of bills were introduced during the 110th Congress, including a bill by Senator Brown and myself entitled Strategies to Address Antimicrobial Resistance, or what we call the STAR Act.

Now I am interested in hearing your thoughts about this basic topic because in the STAR Act, Senator Brown and I have suggested a rather holistic approach to the problem of antibiotic resistance and we would establish a network of experts across the coun-

try to conduct regional monitoring of resistant organisms as they occur, sort of like a snapshot to pick up on problems early.

Would you agree that it is important that we augment CDC's current surveillance system with some sort of expert system as well?

Senator DASCHLE. Well, Senator Hatch, I, first of all, want to commend you and Senator Brown for your outstanding work here. This is not an area for which there is a great deal of history and prior attention. The fact that you have dedicated your time and effort to ensuring that we begin to put a policy in place is one that is recognized and appreciated.

I share your view that this is something that really does deserve a framework, a national framework, within which we can begin to put the kind of attention and priority that it deserves.

I don't have any particular definitive solution today. I really would be very interested in working with you and accommodating your larger goals in accomplishing this in the not-too-distant future.

There is a tremendous need for greater thought, greater work, greater research. I would like to work in partnership with you to make that happen.

Senator HATCH. Well, thank you. In 1984, Congress passed the Drug Price Competition and Patent Term Restoration Act. I know a little bit about that, by the way.

I have maintained my strong support of the generic drug industry over the years because it helped to create—I think at that time, we were lucky to have 18 percent of the industry in the form of generic drugs. Today, it is two thirds. It has helped bring down costs on an average of \$10 billion a year every year since 1984, and more today.

Let me just say this, since two thirds of today's prescriptions—at least that is the estimate—are generic, I think this is a good measure indicating that the law has abundant benefits for American consumers. The law guarantees patients that these drug copies are safe and effective. It guarantees generic manufacturers that their applications will be reviewed within 180 days. It guarantees innovators that scientific experts determine the products are bio-equivalent.

Unfortunately, questions have been raised about whether each of these is true. This is something I think you have got to get into. A big part of the problem seems to be that the Office of Generic Drugs has become the poor stepsister to the Office of New Drugs, which receives a guaranteed funding stream through user fees and appropriations.

Now, as a result, the Office of Generic Drugs has suffered from inadequate findings, an erosion of their scientific base, and declining morale due to funding constraints as well as disruptions caused by the now-stalled move to White Oak, which is very important to me as well.

By the agency's own admission last year,

“It is still difficult to keep pace both with incoming applications and with other matters requiring OGD resources, such as citizen petitions, lawsuits challenging the approval of generic drugs, and providing a guidance to the industry.”

I am concerned that we may have a system here that is broken. I would like you to really take some time, when you get there, to look that over and see what you can do because this is a really, really important area of healthcare that I think you will take a great deal of joy in helping to maintain and make even better.

My time is up. I appreciate you allowing me this little extra time, Mr. Chairman.

I intend to support you. I think you will make a great Secretary of Health and Human Services. I intend to support you after you are there as well. So just stay close, and I hope that I can be of help to you.

Senator DASCHLE. Well, thank you very much, Senator Hatch.

If I could just respond because I think your point about generic drugs is so important. As we look to ways with which to bring down costs, I am absolutely convinced that a big part of that effort, if it is going to be done successfully, will be determined by the degree to which generic drugs are allowed to play the role that it can.

The Office of Generic Drugs needs to be supported and financed, needs to be given the kind of priority and empowerment that it deserves. I would really like to work very closely with you to ensure that a mutual goal that we would have with regard to generic drugs is realized.

Thank you for your support and especially for your leadership on that issue.

Senator HATCH. Thank you so much.

The CHAIRMAN. Very good. Thank you very much.

Senator Reed.

SENATOR REED

Senator REED. Well, thank you, Mr. Chairman, and it is great to see you there.

With your chairmanship and the leader's Cabinet position, we are on the road to healthcare reform, I believe. It is a long road, but this is encouraging.

First, let me say that the President has made a very wise choice, and I personally again want to thank you for your help and friendship, when I was particularly a new member here in this body.

I was very encouraged when you spoke to Senator Murray about the emphasis on primary care and the training of primary care physicians. One of the components of healthcare reform has to be to significantly increase our base of primary care physicians and nurses, etc.

Title VII, as you are aware, of the Public Health Service Act provides for resources to help do this, but it is just chronically underfunded. As you grapple with healthcare reform, you are also grappling with the budget, so good luck on both matters. If you could pay particular attention to title VII, I would be very appreciative.

In a similar vein, section 317 of the CDC's program on immunization is so important. It has been estimated that we need to provide about \$1.1 billion to cover all the recommended vaccines to eligible children and adults. Frankly, we provide less than half of that. That, I think, is another priority.

The estimates are staggering in terms of the savings. For every dollar we spend vaccinating children, we collectively save \$16.50.

It is one of those—in fact, it is one of the great triumphs of public health over the last hundred years—vaccination.

If you would like to comment, I would appreciate it.

Senator.

Senator DASCHLE. Well, I think this is the first time immunization has come up in the hearing, and I applaud you, Senator Reed, for raising it.

Immunization is probably as sound an investment as we can make in good health. I can't imagine that we could do any better than ensure that every child is immunized and that we understand the importance of broad-based immunization and the tremendous good health that can come from it.

I think at various times in the past, while we have certainly been supportive rhetorically, we haven't been supportive through resources. I think it is critical, as you note, that we put the resources where they belong, in the best investments in health, and certainly immunization is one of them.

Senator REED. Well, thank you, Senator.

You, in response to Senator Kennedy, talked about your listening tour across the country. And here, often it comes down to 317 and \$1.1 billion also being needed for Programs X, Y and Z. But for people across the country, it is much more personal.

I wonder if you have an anecdote you would like to share which for you encapsulates the situation in the country and the most impressive comment that you heard out there on the trail?

Senator DASCHLE. Well, I heard just extraordinary stories about people who understood the economic circumstances that they had were so directly related to the health circumstances they were facing. The stories of personal bankruptcy are the ones that come back to me so frequently. The stories of people who were hard-working people, hard-working and cared so deeply for their country and their families, who are virtually thrown out on the street because they couldn't cope with the extraordinary expense of staying well.

And I must say, as a society, as a country, how in the world can we allow, in the year 2009, for us to say, that is just the way life is? How can we possibly say to those people that there is not a better way?

It seems to me it is those extraordinary, gripping stories of personal collapse as a result of the fact that we have not come up with a healthcare system that allows people to get sick in many cases without total economic destruction. They are the ones that have had such an incredible impact on me, and they will be the ones I will remember as we go through this year.

Senator REED. Again, thank you, Mr. Leader, and I look forward to your leadership in the Department of Health and Human Services. Thank you.

Senator DASCHLE. Thank you very much, Senator Reed.

The CHAIRMAN. Thank you, Jack Reed. I don't think I have heard an explanation as clear and as passionate as we heard from Jack Reed on the general need, the overall need about healthcare reform.

I thank him very much for his statement. Tom Daschle's response on it was, I thought, enormously moving and really very helpful to our committee.

Senator Sanders.

SENATOR SANDERS

Senator SANDERS. Thank you, Senator Kennedy, and welcome back. We need your leadership at this moment.

Tom, it is great to see you here. I look forward to working with you when you are the Secretary.

When you go last in a long line of questions, it is hard to come up with anything brilliant or new, but I will try.

[Laughter.]

Last year, legislation was introduced which had 12 co-sponsors, including Senator Kennedy, Senator Harkin, Senator Clinton, and I suspect many others—Senator Mikulski—which essentially would deal with an issue you heard a lot about today. That is, take a program that Senator Kennedy developed some 40 years ago, which has widespread bipartisan support. You heard Senator Hatch talk about it, Senator Byrd talk about it, President Clinton. President Bush has been very supportive. That is the Federally Qualified Health Center Program.

What that legislation would do—also supported by Barack Obama, who used to sit right here, first co-sponsor. It would go from \$2 billion a year that we are currently spending—1,100 community health centers to 4,400 community health centers, essentially providing quality healthcare, dental care, low-cost prescription drugs, mental health counseling to every American in an underserved area.

You go from \$2 billion to \$8 billion, you expand the National Health Service Corps, and you know what happens? You save money. All of the studies indicate that by allowing people to come to a doctor rather than going to the emergency room or going to the hospital, you save money.

Here is my question. Will you be supportive of the concept of significantly expanding the community health centers with bipartisan support so that every American has access to a doctor or a dentist?

Senator DASCHLE. Well, Senator Sanders, you speak so passionately about this, and I share your passion, if not your eloquence. I strongly support the goal and will work very, very closely with you to see how closely we can come.

I would like to see if we could even surpass that goal. I am with you and would be very, very excited about the prospect of a partnership that would allow us to accomplish it while I am there.

Senator SANDERS. Would you agree that spending that amount of money so that we quadruple the number of community health centers would actually save Medicare money, Medicaid money, and our healthcare system money?

Senator DASCHLE. No question. No question.

Senator SANDERS. OK. Can we count on your support to move us in that direction?

Senator DASCHLE. Absolutely.

Senator SANDERS. We are trying to get some money in the stimulus package to help community health centers. Is that something you can be supportive of?

Senator DASCHLE. I can't speak to the stimulus package because it isn't completed yet, but I am certainly supportive of putting it in every economic vehicle we have.

I think there is economic stimulus to be had there. While I will be enthusiastically supportive of the package, whether it is in stimulus or something else, the sooner we can get it done, the better.

Senator SANDERS. All right. I was glad to hear you mention the crisis in dental care as well because sometimes when we talk about healthcare we forget the reality that millions and millions of Americans, especially rural areas, can't find a dentist.

Let me bring back the issue—I think Jack Reed raised it as well, and others—the need to substantially increase funding for the National Health Service Corps so that we can get dentists and doctors into medically underserved areas. Is that something you would be supportive of?

Senator DASCHLE. Strongly. I think Senator Murkowski and I talked a little bit about that as well. But you are absolutely right, we have been the beneficiaries in South Dakota of the National Health Service Corps on the reservations in particular, but also off the reservations. I think it is a tremendous investment.

We need to provide the kind of funding and to encourage the participation in National Health Service Corps that we have seen at times in the past. I would love to work with you to make that happen.

Senator SANDERS. Thank you.

And you mentioned dental care. We will work aggressively to increase the number of dentists in this country. We probably need more dental schools, but we have a graying of the dental profession. We need to encourage more young people to get in there. Is that something you would be willing to work on?

Senator DASCHLE. Absolutely. We need to do that. We need that in particular in rural areas. We are having a real hard time with dentists, as we are, as I said earlier, with mental healthcare providers in rural areas. But, that has to be a priority.

Senator SANDERS. Let me quickly change gear, move out of healthcare to a crisis that we don't talk about enough here. That is we have 18 percent of our children living in poverty, which, as you may know, is the highest rate of childhood poverty in the industrialized world.

At the same time, we have more people in jail than any other country in the world, including China. We spend \$50,000 a year to put people in jail, and yet millions of working families do not have access to quality childcare or pre-school education.

Would you make the needs of our kids and significantly improving the disastrous childcare situation in America one of your priorities?

Senator DASCHLE. Absolutely. As I said earlier to another question, I believe in that slogan that it is so much easier to build a child than to repair an adult. I think we ought to get about building children, building the next leadership in this country. I would love to work with you to make that happen.

Senator SANDERS. OK. Thank you very much.
Mr. Chairman, thank you.

PREPARED STATEMENT OF SENATOR SANDERS

Welcome, Mr. Daschle and thank you for appearing before the committee. Your portfolio will be one of the largest in government. Because of that, I'll just concentrate on a couple of the issues that I believe deserve priority.

I was very pleased to hear that, in addition to your duties as Secretary, you will also be overseeing the Obama administration's health care reform effort. It remains unconscionable that Americans, let alone in the developed world, lack universal health care as a right of citizenship. Health insurance coverage for all must be one of our first priorities. In meeting with you and preparing for this hearing, I have been very impressed with your understanding that, in order to have true health care reform, coverage alone will be insufficient unless it is also matched by assurances of access to health care.

I know that you share one of my major interests in this regard. During your years in the Senate and in your writings, you have been a strong advocate for the expansion of community health centers. As you know, we've made progress in the past 8 years in expanding health centers to cover over 18 million Americans with comprehensive primary health care in our underserved areas. But, this is still less than one-third of the 60 million Americans who lack access to basic health care, and most of whom live in rural areas. For the life of me, I can't understand why in the past 40 years we have not expanded this program to every underserved community in America. Health centers are a proven cost-effective program. I don't need to tell you that community health centers actually save many times more than they cost by reducing unnecessary emergency room use and inappropriate hospital care. But even more, they do it in a high quality way and they involve their patients in governing their operations.

I believe that, as an essential part of health reform, we must complete the circle and make a commitment to provide enough funding over the next 5 years to support health centers in every underserved community in America. Last August, I introduced a bill to do just that. In fact, it was one of the very last bills that President-elect Obama cosponsored in the Senate.

We have a real crisis in primary care in this country. In addition to underserved communities, we have a serious shortage of primary care doctors, dentists, and nurses. Yet, proven solutions to the problems of access and shortages of health professionals exist. We have four times as many doctors and dentists willing to go into primary care and sign up with the National Health Service Corps than current funding allows. We have 50,000 qualified applicants to nursing schools who are not admitted each year due to a lack of faculty. We have over 400 communities ready to open health centers within 90 days, but they were not able to be funded this year.

Amazingly, by increasing funding for the community health center program and the National Health Service Corps from the current total of just over \$2 billion to less than \$9.5 billion over the next 5 years, we would be able to provide 60 million Americans

with medical, dental, and mental health care as well as low-cost drugs at community health centers and create over 24,000 primary care doctors and dentists. In addition, provisions in the Higher Education Act would give a capitation payment of \$3,000 for each new student admitted to nursing school. This would allow us to educate 10,000 more nurses.

Let me also say a word about another priority we must address. I am deeply concerned about early childhood education and child care in this country. It's a national disgrace that 18 percent of children live in poverty and that working families have an incredibly difficult time finding quality and affordable child care. I think it's smarter to invest when they're young—through programs like Head Start—rather than spending \$50,000 a year to keep a kid who fell off track in jail.

Again, just as in health care, there are cost-effective solutions that I would urge you to consider as Secretary. I have been impressed with parent-child centers, which provide early child care in conjunction with education for their parents, in a number of States. Based on models existent in Vermont, Parent-Child Centers have far higher success rates in ending the cycles of poverty, child abuse, and alcoholism, than most other initiatives.

Let me say that I am looking forward to finally addressing long-ignored problems and working with the Obama administration on them. Mr. Chairman that concludes my remarks. I will have a few questions for Mr. Daschle at the appropriate time. Thank you.

The CHAIRMAN. Thank all of you very much.

I would like, if there are other members who would like to ask a question, we would welcome their participation now.

Senator ENZI. Well, Mr. Chairman, there are a lot of additional questions. My side has asked if it would be possible to submit them and get a prompt response before the committee makes its decision?

The CHAIRMAN. Sure. We will submit them and make them a part of the record.²

Senator ENZI. We do appreciate the answers that we have gotten today and look forward to the same cooperative spirit and look forward to a quick confirmation so that we can get Senator Daschle in place doing the job that we need done.

The CHAIRMAN. Thank you.

Senator Enzi, if you would just withhold, we are going to hear from a few of our colleagues here who had asked for a few more minutes to be able to complete their thoughts.

Senator DODD. Well, Mr. Chairman, I don't have any additional questions. There are a lot more questions, obviously, but I think, as Tom pointed out, we could literally have hearings on almost every question that has been raised this morning. They are all deeply significant and important, the magnitude of the problem.

It also speaks in a way as to how we have to think about reorganizing ourselves up here, something we are not likely to do in the short term. There are so many areas of overlapping jurisdiction and dealing with the stovepipe analysis, as you brought up—I think you talked about, Senator Burr—talking about our ability to

²Mr. Daschle withdrew from the nomination before responding to committee questions.

get our arms around all of this, given the bifurcated structure we deal with up here makes it very difficult.

It is not a problem, obviously, you are going to be able to address. There was a time maybe we might have, a different role you played.

I just want to make two points that I thought were very important that you raised today. There were a lot of things you said that were tremendously helpful in giving us a sense of your appreciation of the problem.

One is the de-politicalization, in a sense, of science. That will go a long way, in my view, of building, rebuilding public trust in our agencies. I think that that was a major factor in a loss of confidence among many people in our agencies dealing with this very important issue that affects so many millions of our fellow citizens.

I think it will go a long way toward creating that environment here that will allow us to get a job done, as you point out, in a bipartisan fashion, which has been a hallmark of this committee under Senator Kennedy's leadership, I might point out, over the years.

The reason we have been successful with legislative efforts is because we have had a chairman that has always reached across that aisle to build relationships, as Senator Enzi pointed out, on areas of common interest where we could develop common agendas. I thank you for that.

And second, the mental health issues—and again, Senator Kennedy, Senator Domenici, Paul Wellstone, who valiantly fought, as did Pete Domenici and, of course, Senator Kennedy, for years on mental health issues. It might have got lost in all of the economic debates in the fall. In fact, the very day that we passed the Economic Stabilization Act, mental health parity was actually a part of that bill.

I suspect that under different circumstances, that would have been the banner headline. But because it was the economic issues, it got lost a bit. But it was a major step forward for our country—huge step forward.

Your commitments to working on that expanding affects so many other aspects of what we talked about here today. This is not just another area of healthcare. It is one that absolutely reaches into every other issue that has been raised.

I am particularly pleased, Tom, about your commitment to this, to that issue, that we not just let this lie there now as an accomplishment of a Congress, but now becomes part of that seamless effort of ours to provide that universal care for our fellow citizens.

I am very excited about your nomination, and I am hopeful as well, as Senator Enzi pointed out, we can deal with this quickly, get you on the job, and roll up our sleeves and go to work on this most critical issue. Congratulations.

Senator DASCHLE. Thank you very much, Chris.

The CHAIRMAN. Senator Harkin.

Senator HARKIN. Thank you very much again, Mr. Chairman.

Again, this has been a great hearing and the kind of attitude, the philosophy you are bringing to this job is just refreshing.

There were just two other areas I just wanted to cover with you very briefly, Tom. I would be remiss if I left this room and didn't

bring up with you the area concerning people with disabilities in our healthcare system.

Too often they fall through the cracks. Too often they go and doctors don't really know how to treat them. There is not that much instruction in our medical schools on how to treat people with disabilities. Dentists don't know how to do this. We really need to focus a lot in that area.

Second, in your book, you wrote that Medicaid "is fundamentally geared toward institutional care, even though most elderly people prefer to receive care at home or in more personalized community settings." I would expand that to say also people with disabilities, with significant disabilities.

Right now, Medicaid has to pay for institutional care for a person with a disability. If they want to live at home or in a community-based setting, Medicaid doesn't have to pay for that. In between that, we had the Olmstead decision in which the U.S. Supreme Court said emphatically that it is a constitutional right of a person with a disability to have the least restrictive environment.

I guess my question is can I count on you to support that what we now call the Community Choice Act? It used to be called MiCASSA. I won't get into that. By the way, I will mention that the first person to introduce this in the House of Representatives was Newt Gingrich, by the way, back in the 1990s. We have been trying for years to get this done.

In other words, to provide that a person with a disability can use that money, that Medicaid money for their own choice where they want to live, their own home, their own community-based setting. I would hope that we could ask for your help and your support in that effort.

Senator DASCHLE. Well, Senator Harkin, you have been the leader and you have been the incredible voice of reason and passion when it comes to disabilities and the disability community. I have learned a lot in listening to you for many, many years.

I think that providing as high a quality of life as we can guarantee is a critical goal for us as we look at health reform and as it pertains especially to the disability community. Providing them with choice is a part of that quality of life.

I will work with you to see that we get that done and move in that direction, recognizing the importance. The long-term care today is as much a function of serving the disabled as it is serving the elderly.

Senator HARKIN. That is right.

Senator DASCHLE. It ought to be the choice of the disability community as to where they would like to get their care and to live their lives. You have voiced that concern and that vision, and I would like to work with you to make sure that it is realized.

Senator HARKIN. I appreciate that, Tom, very much.

And last, I walked into a clinic in Carroll, IA, and I think I saw the future. It is a small clinic in a small town. And when you walk in the door, it is all electronic recordkeeping. Under one roof, they have M.D., D.O.s, chiropractors, acupuncturists, massage therapists, psychologists. There may be a few others.

Senator DODD. Dentists? I have been to that place.

Senator HARKIN. Oh, yes, they have dentists. There isn't a place you haven't been.

[Laughter.]

Senator DODD. A lot of good it did me, though.

Senator HARKIN. This leads to the whole area of integrative medicine. There are people out there like Dr. Dean Ornish and Dr. Andrew Weil and Dr. Mark Hyman. These are all M.D.s, but they have all been promoters of bringing together integrative medicine and all the different types of things, and a lot of these do lend itself to prevention and wellness.

I hope that you will look for some way to set up a team or a process or something in your office of healthcare reform that will bring these very knowledgeable practitioners in. I just mentioned those three because—there are a lot of others out there, too. But to set up some kind of a process where we can look at integrative medicine also in healthcare reform.

Senator DASCHLE. Well, you have mentioned some of the finest voices in health that I know. I respect them a great deal, as you do. I have long advocated this notion of a medical home. And I think integrated care is all about providing efficient care and improved quality at lower cost, and that is what you probably saw in that particular facility.

We ought to take that model and models like it and make sure that that is the standard by which we judge how well we are integrating and how well we are improving the quality in this high-performance system in the future. It is fun to see those. I have been in a few myself.

You can see what can be done and what can happen if this integration is made as effectively as they apparently have. I would love to work with you on it.

Senator HARKIN. Thank you very much, Tom. I look forward to working with you.

Senator DASCHLE. Thank you, Tom.

The CHAIRMAN. Senator Sanders.

Senator SANDERS. Thank you, Senator Kennedy.

Senator Daschle, one of the issues that I hear a lot of concern about in Vermont and, I expect, all over the country is Medicare Part D. (A), it is extraordinarily confusing. I mean, literally, I have heard from people who have Ph.D.s that don't quite know how to find the insurance policy that they need.

Will you work with some of us in several areas, No. 1, to do away with the donut hole, which is very costly now, for many seniors who go over the cliff and then have to pay 100 percent out of their own pocket? And (B), will you help us save money by allowing Medicare to begin negotiating with the drug companies rather than paying far higher prices, say, than the Veterans Administration?

Senator DASCHLE. Well, the answer is yes. I would like very much to be able to address the donut hole. It is one of the bigger financial challenges that we face with regard to the program. It is a very expensive fix, and we will have to work together to see how we can find solutions to that.

I also think that the more we can continue to find innovative ways with which to bring down the cost of drugs—and I think that as we look at those innovative ways, giving the Secretary the nego-

tiating authority is one of those ways that ought to be evaluated and looked at. I think that there is a great deal to be said for that. I have supported it in the past, and I would support it in the future.

Senator SANDERS. On a related issue, a number of years ago, I took a number of my constituents—we live on the Canadian border—over the Canadian border to purchase medicine in Montreal. Many of the people were women who were dealing with breast cancer, and they bought a drug called Tamoxifen for a fraction of the price they were paying in the United States.

And many of us for years have been trying to grapple with the issue of why Americans are forced to pay by far the highest prices in the world for the same exact prescription drugs. And one of the solutions that some of us have come up with is the idea of prescription drug re-importation.

Will you work with those of us who think that, in fact, Americans should be able to purchase safe, FDA-approved medicine from other countries where the prices are substantially lower than they are in the United States?

Senator DASCHLE. Well, you put your finger on, I think, the most important aspect of this effort, which is to ensure the confidence and safety of the drugs wherever they may come from. Many of our drugs today are manufactured abroad and imported as domestic product even though they are manufactured abroad.

Some consistent policy with regard to the manufacture and the sale of all of our drugs, I think, is in order. I would love to work with this committee and certainly with you, Senator Sanders, to make sure that we come up with the best policy to do just that.

Senator SANDERS. OK. Senator Daschle, thank you very much.

Senator DASCHLE. Thank you.

The CHAIRMAN. Let me just have a final word about a couple of areas that we haven't really given much attention to.

One is the NIH, the importance of the NIH and the difference that it is making today in the whole area of progress in terms of all the forms of healthcare. It is doing just an extraordinary job.

We mentioned the mental health. As you know, we passed recently the Mental Health Parity Act, which is extraordinarily important for people across this country. It has been referenced during the course of the morning, but I just want to underline that for you.

We also didn't talk about FDA, and that is just enormously important. We, in the Congress, have not given it attention or focus. This is an enormously important agency that has been left out in terms of recognition and in terms of—there were some references here during the course of the hearing, but just the importance of that.

And finally, the importance of genetic discrimination. We passed legislation recently on that. The hearings that we had prior to the acceptance of that legislation reminded us all about the importance of that.

I won't take up time in going through those areas, but maybe you would submit a comment on those.

From this morning, you can see the enormous interest of the members of this committee on all of these items, that we have on

healthcare. We know we have a division between our committees, and we want to work with all of our colleagues to make sure we accommodate those interests. But you do get a sense about the depth and breadth of the concerns that the members of this committee have and the great desire to work with you.

This has been an extraordinary hearing this morning. You must take away a sense of satisfaction that the desire of the members of this committee to work closely with you and also a recognition of the enormous contribution that you have already made in this healthcare area and how all of us on this committee—and I know I, in this instance, speak for Senator Enzi—how all of us want to work very closely.

And in conclusion, I want to thank Senator Enzi again for all of his courtesies for us on this committee and the desire to look forward to working with him as well as all the members of our committee in the days ahead.

If there is no further business, we will stand in recess.

[Additional material follows.]

ADDITIONAL MATERIAL

PREPARED STATEMENT OF SENATOR INOUYE

I would like to compliment President-elect Obama on making an excellent choice in naming you as the Secretary-designate of the Department of Health and Human Services. I look forward to working with you and supporting your efforts to lead the Department and to find common ground on health care reform, an issue that is long overdue for resolution.

As you begin to consider candidates for NIH Director and as you consider unfinished business at the various agencies within the Department, I wanted to bring to your attention an unresolved issue at NIH that has been pending for a decade. Several members including myself, and Senator Harkin and Senator Specter, the Chairman and Ranking Member of the Labor-Health and Human Services Appropriations Subcommittee have urged NIH with committee report language and floor colloquies to provide dedicated scientific leadership in the appropriate NIH grant-making institute for basic behavioral research. Similar requests have been made in the House. NIH has chosen to stonewall these requests for a decade. The time has come to resolve this issue and I ask for your assistance.

As you know, many leading health conditions—such as heart disease; stroke; lung disease and certain cancers; obesity; AIDS; suicide; teen pregnancy; drug abuse and addiction; depression and other mental illnesses; neurological disorders; alcoholism; violence; injuries and accidents—originate in behavior and can be prevented or controlled through behavior. Effective behavioral interventions typically originate as a result of basic behavioral research—an area NIH reports it spends \$1.2 billion annually. In spite of the importance of this research arena NIH has refused to establish dedicated scientific leadership in the form of an office or center to provide the needed NIH-wide leadership.

I look forward to working with you to resolve this matter quickly in the early days of the 111th Congress. Can we look to you for help to resolve this matter?

[The New York Times, December 26, 2008]

EXPANSION OF CLINICS SHAPES BUSH LEGACY

(By Kevin Sack)

NASHVILLE.—Although the number of uninsured and the cost of coverage have ballooned under his watch, President Bush leaves office with a health care legacy in bricks and mortar: he has doubled Federal financing for community health centers, enabling the creation or expansion of 1,297 clinics in medically underserved areas.

For those in poor urban neighborhoods and isolated rural areas, including Indian reservations, the clinics are often the only dependable providers of basic services like prenatal care, childhood immunizations, *asthma* treatments, *cancer* screenings and tests for *sexually transmitted diseases*.

As a crucial component of the health safety net, they are lauded as a cost-effective alternative to hospital emergency rooms, where the uninsured and underinsured often seek care.

Despite the clinics' unprecedented growth, wide swaths of the country remain without access to affordable primary care. The recession has only magnified the

need as hundreds of thousands of Americans have lost their employer-sponsored *health insurance* along with their jobs.

In response, Democrats on Capitol Hill are proposing even more significant increases, making the centers a likely feature of any health care deal struck by Congress and the Obama administration.

In Nashville, United Neighborhood Health Services, a 32-year-old community health center, has seen its Federal financing rise to \$4.2 million, from \$1.8 million in 2001. That has allowed the organization to add eight clinics to its base of six, and to increase its pool of patients to nearly 25,000 from 10,000.

Still, says Mary Bufwack, the center's chief executive, the clinics satisfy only a third of the demand in Nashville's pockets of urban poverty and immigrant need.

One of the group's recent grants helped open the Southside Family Clinic, which moved last year from a pair of public housing apartments to a gleaming new building on a once derelict corner.

As she completed a breathing treatment one recent afternoon, Willie Mai Ridley, a 68-year-old beautician, said she would have sought care for her *bronchitis* in a hospital emergency room were it not for the new clinic. Instead, she took a short drive, waited 15 minutes without an appointment and left without paying a dime; the clinic would bill her later for her *Medicare* co-payment of \$18.88.

Ms. Ridley said she appreciated both the dignity and the affordability of her care. "This place is really very, very important to me," she said, "because you can go and feel like you're being treated like a person and get the same medical care you would get somewhere else and have to pay \$200 to \$300."

As governor of Texas, Mr. Bush came to admire the missionary zeal and cost-efficiency of the not-for-profit community health centers, which qualify for Federal operating grants by being located in designated underserved areas and treating patients regardless of their ability to pay. He pledged support for the program while campaigning for President in 2000 on a platform of "compassionate conservatism."

In Mr. Bush's first year in office, he proposed to open or expand 1,200 clinics over 5 years (mission accomplished) and to double the number of patients served (the increase has ended up closer to 60 percent). With the health centers now serving more than 16 million patients at 7,354 sites, the expansion has been the largest since the program's origins in President *Lyndon B. Johnson's* war on poverty, Federal officials said.

"They're an integral part of a health care system because they provide care for the low-income, for the newly arrived, and they take the pressure off of our hospital emergency rooms," Mr. Bush said last year while touring a clinic in Omaha.

With Federal encouragement, the centers have made a major push this decade to expand dental and *mental health* services, open on-site pharmacies, extend hours to nights and weekends and accommodate recent immigrants—legal and otherwise—by employing bilingual staff. More than a third of patients are now Hispanic, according to the National Association of Community Health Centers.

The centers now serve one of every three people who live in poverty and one of every eight without insurance. But a study released in August by the *Government Accountability Office* found that 43 percent of the country's medically underserved areas lack a health center site. The National Association of Community Health Centers and the American Academy of Family Physicians estimated last year that 56 million people were "medically disenfranchised" because they lived in areas with inadequate primary care.

President-elect *Barack Obama* has said little about how the centers may fit into his plans to remake American health care. But he was a sponsor of a Senate bill in August that would quadruple Federal spending on the program—to \$8 billion from \$2.1 billion—and increase incentives for medical students to choose primary care. His wife, Michelle, worked closely with health centers in Chicago as vice president for community and external relations at the *University of Chicago* Medical Center.

And Mr. Obama's choice to become secretary of health and human services, former Senator *Tom Daschle* of South Dakota, argues in his recent book on health care that financing should be increased, describing the health centers as "a god-send."

The Federal program, which was first championed in Congress by Senator *Edward M. Kennedy*, Democrat of Massachusetts, has earned considerable bipartisan support. Leading advocates, like Senator Bernie Sanders, independent of Vermont, and Representative James E. Clyburn, Democrat of South Carolina, the House majority whip, argue that any success Mr. Obama has in reducing the number of uninsured will be meaningless if the newly insured cannot find medical homes. In Massachusetts, health centers have seen increased demand since the State began mandating health coverage 2 years ago.

At \$8 billion, the Senate measure may be considered a relative bargain compared with the more than \$100 billion needed for Mr. Obama's proposal to subsidize coverage for the uninsured. If his plan runs into fiscal obstacles, a vast expansion of community health centers may again serve as a stop-gap while universal coverage waits for flusher times.

Recent job losses, meanwhile, are stoking demand for the clinics' services, often from first-time users. The United Neighborhood Health Services clinics in Nashville have seen a 35 percent increase in patients this year, with much of the growth from the newly jobless.

"I'm seeing a lot of professionals that no longer have their insurance or they're laid off from their jobs," said Dr. Marshelya D. Wilson, a physician at the center's Cayce clinic. "So they come here and get their health care."

Studies have generally shown that the health centers—which must be governed by patient-dominated boards—are effective at reducing racial and ethnic disparities in medical treatment and save substantial sums by keeping patients out of *hospitals*. Their trade association estimates that they save the health care system \$17.6 billion a year, and that an equivalent amount could be saved if avoidable emergency room visits were diverted to clinics. Some centers, including here in Nashville, have brokered agreements with hospitals to do exactly that.

Many centers are finding that Federal support is not keeping pace with the growing cost of treating the uninsured. Government grants now account for 19 percent of community health center revenues, compared with 22 percent in 2001, according to the Health Resources and Services Administration, which oversees the program. The largest revenue sources are public insurance plans like *Medicaid*, Medicare and the *State Children's Health Insurance Program*, making the centers vulnerable to government belt-tightening.

The centers are known for their efficiency. Though United Neighborhood Health Services has more than doubled in size this decade, Ms. Bufwack, its chief executive, manages to run five neighborhood clinics, five school clinics, a homeless clinic, two mobile clinics and a rural clinic, with 24,391 patients, on a budget of \$8.1 million. Starting pay for her doctors is \$120,000. Patients are charged on an income-based sliding scale, and the uninsured are expected to pay at least \$20 for an office visit. One clinic is housed in a double-wide trailer.

Because of a nationwide shortage of primary care physicians, the clinics rely on Federal programs like the National Health Service Corps that entice medical students with grants and loan write-offs in exchange for agreements to practice as generalists in underserved areas. Of the 16 doctors working for United Neighborhood, seven are current or former participants.

Dr. LaTonya D. Knott, 37, who treated Ms. Ridley for her bronchitis, is among them. Born to a 15-year-old mother in south Nashville, she herself had been a regular childhood patient at one of the center's clinics. After graduating as her high school's valedictorian, she went to college on scholarships and then to medical school on government grants, with an obligation to serve for 2 years.

She said she now felt a responsibility to be a role model. "I do a whole lot of social work," she said, noting that it was not uncommon for children to drop by the clinic for help with homework, or for a peanut butter sandwich. "It's not just that we provide the medical care. I'm trying to provide you with a future."

Despite such commitment, national staffing shortages have reinforced concerns about the quality of care at health centers, notably the management of chronic diseases. This year, the government started collecting data at the centers on performance measures like *cervical cancer* screening and *diabetes* control.

"The question is not just, 'Are you going to have more community health centers?'" said Dr. H. Jack Geiger, founder of the health centers movement and a professor emeritus at the *City University of New York*. "It's, 'Are you going to have adequate services?'"

A deeper frustration for health centers concerns their difficulty in securing follow-up appointments with specialists for patients who are uninsured or have Medicaid. All too often, said Ms. Bufwack, medical care ends at the clinic door, reinforcing the need to expand both primary care and health insurance coverage.

“That’s when our doctors feel they’re practicing third world medicine,” she said. “You will die if you have cancer or a heart condition or bad asthma or horrible diabetes. If you need a specialist and specialty tests and specialty meds and specialty surgery, those things are totally out of your reach.”

[Whereupon, at 12:11 p.m., the hearing was adjourned.]

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